

GOVERNMENT OF ALBERTA

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# **Service Alberta and Red Tape Reduction**

Annual Report  
2023-24

*Alberta* 

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Reduction 2023–2024 Annual Report

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## Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Sustainable Fiscal Planning and Reporting Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each ministry.

On June 10, 2023, the government transferred responsibilities of the Ministry of Treasury Board and Finance related to Alberta Gaming, Liquor and Cannabis (AGLC) to the Ministry of Service Alberta and Red Tape Reduction. The 2023-24 Annual Report reflects the 2023-26 Ministry Business Plans, the Government of Alberta Strategic Plan, as well as the ministry's activities and accomplishments during the 2023-24 fiscal year, which ended on March 31, 2024.

The Annual Report of the Government of Alberta contains Budget 2023 Key Results, the audited Consolidated Financial Statements and Performance Results, which compares actual performance results to desired results set out in the government's strategic plan.

This annual report of the Ministry of Service Alberta and Red Tape Reduction contains the Minister's Accountability Statement, the ministry's Financial Information and Results Analysis, and a comparison of actual performance results to desired results set out in the ministry business plan. This ministry annual report also includes:

- the financial statements of entities making up the ministry including AGLC for which the minister is responsible; and
- other financial information as required by the *Financial Administration Act* and *Sustainable Fiscal Planning and Reporting Act*, as separate reports, to the extent that the ministry has anything to report.

All Ministry Annual Reports should be considered along with the Government of Alberta Annual Report to provide a complete overview of government's commitment to openness, accountability, and fiscal transparency.

## Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2024 was prepared under my direction in accordance with the *Sustainable Fiscal Planning and Reporting Act* and the government's accounting policies. All the government's policy decisions as at June 4, 2024 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

[Original signed by]

*Dale Nally*

*Minister of Service Alberta and Red Tape Reduction*

## Message from the Minister



The past fiscal year (2023-24) was productive and transformative for Service Alberta and Red Tape Reduction, as we found new ways to serve the interests of Albertans and drive economic growth through these turbulent times.

The ministry has a strategic role within government to support affordability, drive modernization, and ensure the efficient delivery of programs, services, and information. With a constant eye on how we can reduce red tape and regulatory burden, this year saw our mandate expand as we assumed responsibility for the regulation of gaming, liquor, and cannabis in Alberta.

These new responsibilities fit well alongside our traditional lines of business, like registries, consumer protection, and shared services. The broader mandate has contributed to a dynamic chemistry within the ministry that complements the government's agenda and energized approach.

Here are a few highlights from the past year:

- The backlog in the Land Titles Office was eliminated, restoring document processing times to the target turnaround time of 12 business days.
- Progress continued on our initiatives to modernize all of our registry systems, including Land Titles and Motor Vehicles.
- We laid the groundwork for fulfilling our promise to support affordable services for Alberta's seniors and implement a 25 per cent discount for seniors on personal registry services.
- We delivered on our commitment to reduce red tape by 33 per cent across government. This reduction in regulatory burden has saved Albertans, Alberta businesses, and government more than \$2.75 billion since 2019.
- We began simplifying gaming, liquor, and cannabis regulations to give retailers more time to focus on their business, while ensuring health, safety, and security remain top priorities.

In the coming year, Service Alberta and Red Tape Reduction will continue to make service more efficient by investing in modernization, educating and protecting consumers, and keeping needless red tape at bay. We will also be engaging with Indigenous partners on an iGaming strategy, exploring ways to help grow Alberta's hydrogen economy, and modernizing our approach to procurement to create better value for Albertans and make it easier for suppliers to do business with the province.

There are plenty of other things to highlight, so I encourage you to take a few minutes and read the full report to learn more about the important work our ministry is carrying out on behalf of Albertans.

Sincerely,

[Original signed by]

Dale Nally

Minister of Service Alberta and Red Tape Reduction

## Management's Responsibility for Reporting

The Ministry of Service Alberta and Red Tape Reduction includes the Department of Service Alberta and Red Tape Reduction, as well as AGLC.

The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations, and policies.

Ministry Business Plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports, and other financial and performance reporting.

Responsibility for the integrity and objectivity of the accompanying ministry financial information and performance results for the ministry rests with the Minister of Service Alberta and Red Tape Reduction. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, which includes the financial information, performance results on all objectives and initiatives identified in the Ministry Business Plan, and performance results for all ministry-supported commitments that were included in the 2023-26 Government of Alberta Strategic Plan. The financial information and performance results, out of necessity, include amounts that are based on estimates and judgments. The financial information is prepared using the government's stated accounting policies, which are based on Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- Reliable – information used in applying performance measure methodologies agrees with the underlying source data for the current and prior years' results.
- Understandable – the performance measure methodologies and results are presented clearly.
- Comparable – the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- Complete – outcomes, performance measures and related targets match those included in the ministry's *Budget 2023*.

As Deputy Minister, in addition to program responsibilities, I am responsible for the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;

- safeguard the assets and properties of the province under ministry administration;
- provide Executive Council, the President of Treasury Board and Minister of Finance, and the Minister of Service Alberta and Red Tape Reduction with the information needed to fulfill their responsibilities; and
- facilitate preparation of Ministry Business Plans and annual reports required under the *Sustainable Fiscal Planning and Transparency Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executives of the individual entities within the ministry.

[Original signed by]

*Stephanie Clarke*

*Deputy Minister of Service Alberta and Red Tape Reduction*

*June 4, 2024*

# Results Analysis

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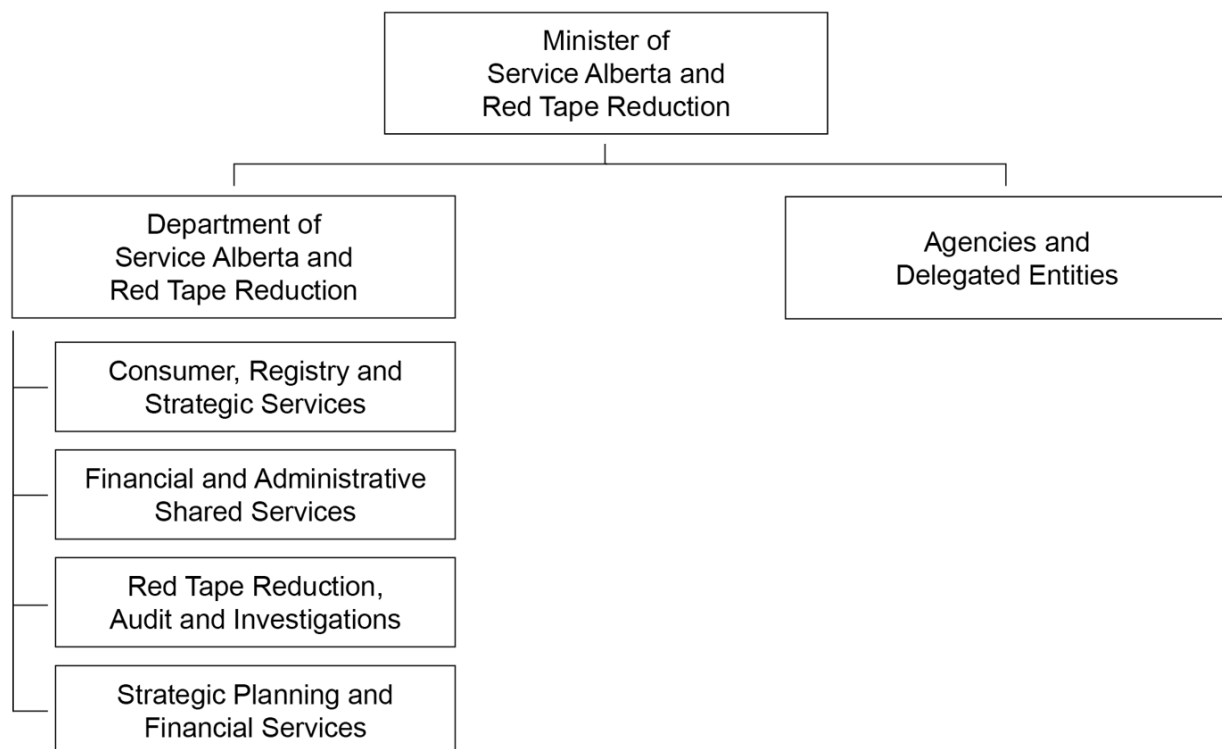
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## Ministry Overview

**SERVICE ALBERTA AND RED TAPE REDUCTION** has a strategic role within government to support affordability and modernization, and to foster efficient delivery of programs, services, and information. The ministry's focus is to:

- optimize and modernize the delivery of current programs and services to meet existing and emerging needs and to provide good value for taxpayers;
- protect Albertans and businesses in an increasingly complex and changing economic and social environment; and
- lead, coordinate, track, and report on red tape reduction (RTR) efforts across the Government of Alberta to eliminate unnecessary regulatory burden on businesses and Albertans.

## Organizational Structure



## Operational Overview

The ministry consists of the Department of Service Alberta and Red Tape Reduction, as well as its delegated entity, AGLC. In June 2023, AGLC, formerly part of the Ministry of Treasury Board and Finance, joined the Ministry of Service Alberta and Red Tape Reduction.

### *Consumer, Registry and Strategic Services*

Consumer, Registry and Strategic Services protects consumers and preserves a competitive business environment by administering and enforcing consumer-related legislation and by providing education to help consumers and businesses understand their rights and responsibilities.

Working with private registry agents, the division provides Albertans with registry services for land titles, motor vehicles, and business and vital events, by collecting and providing information essential to Albertans' everyday lives and the smooth functioning of the economy.

The division also leads registry modernization efforts and provides centralized strategic policy and legislative expertise to the department.

### *Financial and Administrative Shared Services*

Financial and Administrative Shared Services is one of the first places that Albertans go to get information about the Government of Alberta. Millions of people connect with Government of Alberta contact centres operated by this division or the partners it supports in other ministries. Additionally, the division provides Freedom of Information and Protection of Privacy (FOIP) services to government ministries and provides print and publication services through the King's Printer to Albertans.

The division also provides important corporate services across government, including financial operations services, employee payroll and benefits administration, procurement of goods and leadership in procurement, surplus sales, vehicle fleet management, employee identification card production, multi-function device lease coordination, and the management of the province's inter-departmental mail network in nearly 100 communities.

### *Red Tape Reduction, Audit and Investigations*

The Red Tape Reduction, Audit and Investigations division leads government's efforts to reduce excessive regulations that cost Albertans time and money. The division develops RTR legislation and policy, engages with external stakeholders to identify RTR opportunities, and leads the cross-government initiative by collaborating with ministries to develop and implement initiatives that reduce red tape.

The division also oversees strategic policy development that supports Alberta's horse racing industry and Alberta's gaming, liquor, and cannabis industries as set out through the *Gaming, Liquor and Cannabis Act* and Regulation, and the *Horse Racing Alberta Act*. Areas of specific focus include consumer choice, innovation and economic growth, and social responsibility.

The division undertakes investigative, compliance audit, and inspection services to protect consumers and maintain the integrity and security of government systems, programs, and regulated businesses. This includes investigating businesses to ensure compliance with the *Consumer Protection Act*, as well as providing investigative and enforcement support for other ministries such as Health and Advanced Education.



*Strategic Planning and Financial Services*

Strategic Planning and Financial Services leads Service Alberta and Red Tape Reduction in planning and performance measurement, budgeting, forecasting, and financial reporting. The division ensures the ministry's financial resource requirements are met by providing professional financial advice and services.

Typical divisional activities include coordinating the ministry's financial budgeting and forecasting process, developing financial policy, monitoring compliance, implementing financial management best practices, and developing the ministry's financial reports, including the preparation of the ministry's financial information. The division also develops the ministry's strategic plans, including the business plan and enterprise risk management framework.

## Key Highlights

The Ministry of Service Alberta and Red Tape Reduction focused on accomplishing three outcomes identified in the 2023-26 Ministry Business Plan:

- Outcome One: Albertans have access to user friendly services they need, in a timely and effective manner;
- Outcome Two: The economy is strengthened and red tape is reduced; and
- Outcome Three: Consumers are protected in a competitive business environment.

Key highlights and results achieved by the Ministry of Service Alberta and Red Tape Reduction in 2023-24 include:

- Eliminating the two-year backlog in land titles and returning to standard processing times.
- Continuing to modernize Land Titles, Motor Vehicles, and other registry systems to ensure Albertans receive efficient and effective services.
- Initiating replacement of the Land Titles system with new search, volume data, and customer service functions, to be released in summer 2024.
- Establishing a reciprocal code-sharing agreement with the Arizona Department of Transportation to leverage a proven motor vehicles registry system and initiate work to establish a similar motor vehicles system in Alberta.
- Implementing a 25 per cent seniors' discount on personal registry services, in collaboration with registry agents, to make life more affordable for seniors.
- Conducting education outreach sessions across the province to help educate the public about consumer protections available to Albertans.
- Simplifying gaming, liquor, and cannabis regulations to give retailers more time to focus on their business while ensuring health, safety, and security remain top priorities.
- Modernizing the horse racing governance structure and streamlining the appeals process through legislative changes.
- Coordinating and leading government-wide efforts to achieve a 33 per cent reduction in red tape across the Government of Alberta as of January 2024, which contributed to Alberta being recognized again by the Canadian Federation of Independent Business (CFIB) as the top performer across Canada for RTR performance.
- Removing barriers to employment for unhoused and vulnerable Albertans by implementing a process to help them obtain identification cards at the Provincial Navigation Centre.
- Establishing the *Consumer Protection (Life Leases) Amendment Act, 2024*, to strengthen consumer protections for life leases following extensive engagement with a broad range of stakeholders.
- Conducting substantial engagement with condominium stakeholders to identify and explore options to address issues, including the possibility of developing a condominium dispute resolution tribunal.

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- Improving Residential Tenancy Dispute Resolution (RTDRS) hearing wait times, resulting in 95 per cent of urgent tenancy applications being heard within 15 days.
  - Supporting government ministries in responding to approximately 2,088 FOIP requests, with a 99 per cent rate of legislative compliance.
  - Actioning consumer protection complaints, through the assessment, inspection, investigation, and enforcement of potential violations of consumer protection legislation, tenancy laws, and where specifically authorized, criminal offences involving fraud, false pretenses, forgery, or theft.
  - Implementing a regulation to add flexibility into the Prompt Payment and Construction Lien Act to address the unique needs of very large projects, following industry consultation.
  - Establishing dedicated help lines, including:
    - A Wildfire Help Line in response to the 2023 wildfires in Alberta and the Northwest Territories.
    - An Affordability Help Line to provide information about Alberta's Affordability Action Plan.
    - A Ukrainian Evacuee Help Line to provide information about government programs and services in English, Ukrainian, or Russian.
  - Generating \$3.9 million in revenue from the sale of surplus assets and saving government approximately \$1.4 million by redeploying surplus assets.

The Ministry of Service Alberta and Red Tape Reduction remains committed to regulatory approaches and program delivery that reduces unnecessary government oversight and emphasizes outcomes, to improve access to government services, attract investment, support innovation and competitiveness, and grow Alberta businesses.

## Discussion and Analysis of Results

### Actions that support the priorities of the Government of Alberta Strategic Plan

#### **Key Priority One:**

Securing Alberta's Future

**Objective Five:** Reducing unnecessary government oversight

#### *Actions*

- Allocating nearly \$30 million in 2023-24, to reduce the Land Titles registration backlog, which has delayed land title transactions, and return it to normal operating levels, as well as modernize the application process. Detailed reporting found on page 15.
- Continuing to reform how the government regulates, including: reducing wait times for permit approvals across government; reducing government oversight where it is not necessary; eliminating redundant requirements; and implementing smarter regulations that focus on the desired outcome rather than prescribing how it must be achieved. Detailed reporting found on pages 17-20.
- Implementing digital solutions to improve service delivery and reduce administration burden, including user-friendly digital services that are accessible to Albertans, such as modernizing the Registries Motor Vehicle System, removing barriers to accessing driver's licences and vehicle registration. Detailed reporting found on pages 15-16.

#### **Key Priority Two:**

Standing up for Albertans

**Objective Two:** Making life more affordable

#### *Actions*

- Implementing regulatory approaches and program delivery models that reduce unnecessary government oversight and emphasize outcomes. By focusing on outcomes, government is getting out of the way of job creators to allow them to continue to grow their businesses, while improving how government provides services. A modernized regulatory environment reduces costs for Albertans and makes Alberta a great place to live, invest, and do business. Detailed reporting found on pages 17-19.

**Objective Eight:** Building better communities

#### *Actions*

- Assisting Ukrainian evacuees fleeing the Russian invasion through the provision of supports and services to help them settle and integrate into communities across the province, including initiatives to address recommendations from the Premier's Advisory Task Force on Ukraine. Detailed reporting found on page 21.

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**Outcome One: Albertans have access to user friendly services they need, in a timely and effective manner**

Service Alberta and Red Tape Reduction is committed to making services more affordable and accessible, while making delivery more efficient. In 2023-24, the ministry accomplished several key objectives directed toward achieving this outcome.

**Key Objectives****1.1 Respond to increased demand and resulting delays in Land Titles processing and develop solutions that lead to better efficiency and faster approvals.**

Due to increasing demand for land title services, a backlog in document registrations occurred and Albertans began to experience lengthy delays. For survey document registration, the backlog reached 55 business days and for document registrations the backlog reached 84 business days in late 2022. The ministry tackled delays and achieved the target turnaround time of 12 days by adding additional resources, streamlining registration processes, and implementing other improvements to successfully eliminate the backlog.

- Survey document registrations returned to normal service times in September 2023 and document registrations returned to normal service times in December 2023.
- With the return to normal service timelines in late 2023, front counter services were re-opened on October 16, 2023. Front counter service had initially been suspended in April 2020 due to pandemic related restrictions, however, front counter service remained closed in 2021 so staff could focus on reducing the backlog.
- To prevent another backlog from developing, nearly \$60 million over three years was allocated in 2023-24 to replace outdated Land Titles systems and improve service delivery. Currently, many of these systems are paper based and ill-equipped to respond to changing market conditions. The modernization project will transition many paper-based registration functions to digital formats. In addition, the department is continuing to streamline registration and policy procedures and strengthen training.

**1.2 Ensure registry services are modernized by maximizing automation and utilizing efficient and effective processes.**

In 2023-24, \$19.5 million in capital was invested in foundational elements to modernize Land Titles, Motor Vehicles, and other registry systems. Of this investment, \$10.5 million supported Land Titles, \$7.6 million supported Motor Vehicles, and \$1.5 million supported other registries.

In 2023-24, \$7.6 million in capital was invested in foundational elements to modernize Motor Vehicles systems to increase Motor Vehicles Registry efficiencies and support registry agent real-time driver's licence history reporting through digitization and automation.

- \$1.9 million of this budget helped to implement changes to the Motor Vehicles systems to allow eligible Graduated Driver's Licence (GDL) holders to automatically upgrade to a non-GDL licence.
- Other foundational products, such as the driver's licence history report, are in the final stages of development before an anticipated launch in summer 2024. Once launched, the report will be available to Albertans in real-time, rather than weeks.

- Alberta and the Arizona Department of Transportation established a reciprocal code-sharing agreement that allows both parties to leverage proven motor vehicle registry systems at no cost, which is estimated to save government up to \$70 million in development costs over four years.
- Architectural work is underway to establish a version of the Arizona Motor Vehicle system in Alberta, enabling a solution that meets Alberta's specific needs efficiently and economically.
- Looking forward, Budget 2024 provides \$40 million in capital to ensure that the Motor Vehicles system is replaced by 2028 and other registry systems are improved. The total investment between 2024 and 2028 is anticipated to be over \$160 million by 2028.

In 2023-24, the ministry engaged with registry agents and conducted development activities to implement the seniors' discount of 25 per cent for personal registry services, which launched on April 1, 2024.

- \$2.6 million was invested in system updates required to implement the seniors' discount, which is estimated to save Alberta seniors more than \$16 million annually.
- As of April 1, 2024 Alberta seniors 65 years or older may be eligible to receive a discount on personal registry services, including driver's licence renewals, passenger vehicle registrations, driver's abstracts, and birth certificates.
- Work to apply the discount to driver's medical exams and camping fees is continuing, with the discounts anticipated to launch in 2024-25.

In 2023-24, the ministry also:

- Continued to review and streamline operational processes in Vital Events and Corporate Registries in order to provide Albertans with access to documents and services needed for important life events.
- Established an online portal for funeral homes to register deaths. The portal is integrated with Medical Certificate of Death processes, which will eliminate manual paper processes.
- Completed the foundational work for the Land Titles systems replacement, including new search, volume data, and customer service functions, which is anticipated to be released in summer 2024.

## Performance Measures

### Performance Measure 1.a: Year-end registration turnaround time for land titles and surveys (business days)

#### Description

This measure tracks the time taken to complete a submitted land title registration. Once a request is received, documents are compared to the appropriate titles. A legal examination is conducted to ensure that the documents are correct and comply with the statutes associated with land transactions.

## Results and Analysis

In 2023-24, the target of 12 business days was achieved. Document registration turnaround times were reduced from 84 business days to 12 business days by December 2023, which resulted in the elimination in the backlog.

### Year-end registration turnaround time for land titles and surveys (business days)

Prior Years' Results			2023-24 Target	2023-24 Actual
	2021-22	2022-23		
Turnaround Time (business days)	Not Available	84	12	12

Source: Service Alberta and Red Tape Reduction, Consumer, Registry and Strategic Services Division

## Outcome Two: The economy is strengthened and red tape is reduced

The ministry continues to reduce red tape by streamlining government services and policies. This helps create an environment to attract new businesses, increase investor confidence, and strengthen the economy. In 2023-24, the ministry accomplished several key objectives directed toward achieving this outcome.

### Key Objectives

#### 2.1 Lead government's red tape reduction efforts to improve service delivery and remove unnecessary regulatory and administrative burdens on Albertans and businesses; support economic growth and job creation by reducing wait times for permit approvals; reduce costs for business; and attract investment.

In 2023-24 the department continued to work collaboratively with other ministries to achieve a 33 per cent reduction in red tape across the Government of Alberta as of January 2024.

Alberta continues to be recognized as the top performer across Canada by the CFIB, a leading national advocate of regulatory reform that publishes an annual report card grading Canadian jurisdictions on their RTR performance.

In 2024, Alberta was awarded an A in the CFIB's 2024 Red Tape Report Card, an improvement from the A- of the previous year. Alberta received the top score of any Canadian jurisdiction for the second year in a row.

### *Industry-driven Engagement Process*

The ministry continued to lead an industry-driven stakeholder engagement process informed by nine RTR industry panels that included representation from across Alberta's key economic sectors: oil and gas; chemical manufacturing; forestry; tourism and hospitality; agriculture, food and bio-industrial; non-profit; small business; and industrial manufacturing. Collectively, panels have submitted over 450 recommendations to reduce regulatory barriers. So far, almost 300 recommendations have been addressed.

Several engagements were held with cannabis retailers and licensed producers in Edmonton and Calgary on RTR opportunities. The feedback from these roundtables drove numerous red tape reductions in AGLC and fostered regulatory and legislative changes.

### *Estimating the Cost of Regulatory Compliance*

Ministries are required to use a regulatory cost estimation tool when submitting policy proposals to government for decision. This ensures that compliance cost analysis is included in the policy development and approval process, allowing government to consider the financial impact of policy changes on businesses and Albertans as part of its decision-making process. Service Alberta and Red Tape Reduction continues to support ministries in developing these analyses through ongoing training and guidance.

The RTR initiatives implemented to date are estimated to have saved Albertans and Alberta businesses an estimated \$2.75 billion since 2019.

### *Red Tape Reduction Legislation*

Seven RTR bills have been passed by government since 2019, which have amended over 70 acts from across 20 ministries, resulting in the elimination of more than 4,000 unnecessary regulatory requirements while continuing to ensure important health, safety and environmental protections for Albertans.

An eighth RTR bill, Bill 16, *Red Tape Reduction Statutes Amendment Act, 2024* was introduced on April 8, 2024. The bill, which was passed on May 15, 2024, included amendments to 12 legislative items across ten different ministries, leading to a reduction of 200 regulatory requirements and creating an additional \$1.5 million in annual savings.

A cornerstone of the Act is a set of amendments to the *Red Tape Reduction Act* to ensure that that the 33 per cent reduction in regulatory burden achieved is not undone. The amendments require government to:

- offset any new requirements added in order to maintain or exceed the one-third reduction, in red tape achieved to date (no net increase);
- publish an annual report that highlights information and outcomes of government RTR actions to provide additional clarity for the public; and
- continue to track and report RTR progress by ministry.

### Public Red Tape Reduction Submissions

The Cutting Red Tape website provides annual reports and continues to serve as a dedicated portal for Albertans to submit suggestions directly on how the government can reduce red tape at [alberta.ca/cut-red-tape](http://alberta.ca/cut-red-tape).



Additional RTR bills are expected to be used in the future to implement legislative changes to continue to reduce red tape, support job creators, enable economic growth, and improve the delivery of government services.

### *Red Tape Reduction Regulation*

To operationalize amendments to the *Red Tape Reduction Act*, in particular the no net increase provision, a new regulation is being developed with other ministries to establish a clear, consistent framework to ensure that the government's RTR progress is not undone. The regulation will outline a flexible approach and ministry obligations to ensure no net increase in regulatory requirements, while still pursuing government priorities. The regulation is anticipated to be operational by early 2025.

### *Reducing Permit Timelines*

In 2023-24, \$1.2 million was spent to lead cross-government efforts to reduce regulatory burden and red tape, with a new focus on measuring, benchmarking, and reducing wait times for permit approvals and reporting.

- The benchmarking exercise was conducted on current permit approval times across government in comparison to existing service standards to identify opportunities for improvement. Data on over 300 permit streams from 16 ministries that issue permits informed the benchmarking exercise.
- Results from the benchmarking exercise, along with best practices gathered through a Service Alberta and Red Tape Reduction led committee of permit-issuing ministries, informed the development of a government-wide approach to improving permit processing timelines, which is anticipated to be implemented in summer 2024.

## **2.2 Albertans and Alberta businesses have access to timely and affordable government services through implementation of outcome-focused regulatory approaches and efficient policy and procedures.**

In 2023-24, 80 RTR initiatives, informed by industry advice and feedback from Albertans were completed. This included a number of key successes in reducing red tape and improving the lives of Albertans, including:

- Streamlining the document registration process at the Land Titles Office, which helped support reducing turnaround times from 84 business days to 12 business days.
- Developing an online portal for applications to the Family Support for Children with Disabilities program, helping to expedite the review and approval process.
- Making legislative changes that simplify the compensation process for eligible firefighters who fought the 2016 Fort McMurray wildfire and are diagnosed with certain cancers, with the changes providing quicker and easier access to Workers' Compensation Board benefits.
- Launching the Roadside Planning and Application Tracking Hub online portal, which has improved the permit approval process for development projects alongside Alberta highways and reduced permit approval times.
- Eliminating the advanced road test for Class 5 and Class 6 drivers, saving approximately \$154 per driver, or \$77 million collectively for Alberta drivers.

### *Procurement*

In 2023-24, Service Alberta and Red Tape Reduction spent \$67,000 to establish a Procurement Council to work with industry to improve the government's procurement process, with a focus on reducing administrative burden and costs for business. The department is currently in the process of finalizing a Procurement Council implementation plan that will provide opportunities for vendors and suppliers to engage with government.

To streamline procurement processes, achieve significant financial efficiencies, and improve overall performance, the department worked to implement a hybrid-centralized procurement model, using a category management approach.

- A hybrid-centralized model refers to the practice of individual ministries purchasing distinct and specialized goods and services, while a central area or ministry purchases common goods and services.
- Category management refers to the approach of arranging common purchases into categories and identifying process efficiencies, leading to significant cost savings and improved performance.

In 2023-24, a comprehensive review of procurement policies, processes, and practices was finalized to align with the implementation of the hybrid-centralized procurement model. Work will continue toward implementing the hybrid-centralized procurement model and leveraging technology and tools to strengthen government's approach to accessing, managing, and analyzing spend and contract data.

### *Permit approval policy*

In 2023-24, best practices were collected from all permit-issuing ministries over a one-year period. A best practices report, which includes strategies that have proven effective for high-performing departments, such as simplifying application language and digitizing submission processes, is being developed and will be shared with all permit-issuing ministries to inform opportunities for reducing permit approval times to help Albertans receive faster permit decisions and start their projects sooner.

The ministry is also finalizing an assessment of the feasibility of adopting an "automatic yes" approach to permit approvals across government. An "automatic yes" approach would assume a permit is approved within a reasonable and specific amount of time after an application is made. Policy options are being assessed by other government ministries to confirm feasibility and to identify recommendations for a permit stream that could pilot an "automatic yes" approach.

In 2023-24, the ministry also:

- Established a dedicated emergency line in response to the 2023 wildfires in Alberta and the Northwest Territories. The emergency line was established within 24 hours of receiving the request. The line provided 80 days of continuous, escalated support to over 12,000 callers in Alberta and nearly 2,000 callers in the Northwest Territories.
- Supported Alberta's Affordability Action Plan by establishing and operating a dedicated line to provide program information to callers and answer questions about eligibility for program payments. The line was operational from January to December 2023.

- Enhanced support for Ukrainian evacuees in Alberta by establishing the Government of Alberta's first tri-lingual support line in April 2023. Callers can speak to an agent in English, Ukrainian, or Russian to find government programs and services to help them resettle and integrate into Alberta.

## Performance Measures

### Performance Indicator 2.a: Percentage of red tape reduced across the Government of Alberta

#### Description

This measure tracks the percentage of RTR in the Government of Alberta.

#### Results and Analysis

As of January 2024, government has achieved a 33.0 per cent net reduction in red tape since May 1, 2019.

#### Percentage of red tape reduction

Performance Indicator	2021-22 Actual	2022-23 Actual	2023-24 Actual
Red Tape Reduced (%)	25.3	31.5	33.0

*Source: Service Alberta and Red Tape Reduction, Red Tape Reduction, Audit, and Investigations Division*

Key Objectives that transferred from Treasury Board and Finance

In 2023-24 some responsibilities of the Ministry of Treasury Board and Finance related to AGLC and Horse Racing Alberta were transferred to the Ministry of Service Alberta and Red Tape Reduction.

#### Lead and implement changes to modernize legislation, regulations and policies impacting the regulated industries overseen by Treasury Board and Finance.

This key objective was included in the 2023-26 Treasury Board and Finance Business Plan as Key Objective 2.1.

In total, \$21 million is allocated to provide policy and regulatory support and analysis on insurance (including consumer protection), pensions, horse racing, liquor, gaming, cannabis, and financial services and securities.

- In April 2023, government renewed and increased its funding agreement with the Alberta Gambling Research Institute (AGRI). The institute is a consortium of the University of Alberta, University of Calgary, and the University of Lethbridge, whose primary purpose is to support and promote gambling research in the Province of Alberta. AGRI's funding was increased from \$1.5 million annually to \$1.8 million annually as part of the Government of Alberta's commitment to increasing understanding and supporting opportunities to promote responsible gambling in the province.

- In summer 2023, Service Alberta and Red Tape Reduction engaged with stakeholders in the liquor and cannabis industries to hear their perspectives on opportunities to modernize the legislation, regulations, and policies impacting these regulated sectors.
- In fall 2023, amendments to the Gaming, Liquor and Cannabis Regulation were introduced and came into force on January 31, 2024, to simplify cannabis regulations. The amendments:
  - allow licensed retailers to operate temporary sales locations at adult-only events like trade shows and festivals;
  - allow retailers to keep their products in locked display cases when the store is closed, rather than moving everything into a secured storage room at the close of every business day; and
  - remove restrictions on sales and transfers between cannabis retailers.
- Changes to modernize cannabis legislation, regulations and policy include:
  - simplifying cannabis regulations to give retailers more time to focus on their business, while ensuring health, safety and security remain top priorities; and
  - submitting recommendations to the expert panel leading the federal review of the *Cannabis Act*, including a number of recommendations that identified opportunities to modernize the federal Act, to help support the safe and responsible growth of the legal cannabis industry.
- Government will continue to advocate for amendments to the federal *Cannabis Act* in support of the safe and responsible growth of the legal industry, to help combat the continued presence of the illicit cannabis market in Canada.

### *Alberta Gaming, Liquor and Cannabis*

Service Alberta and Red Tape Reduction continues to work with AGLC to identify and implement further opportunities to modernize the gaming, liquor, and cannabis industries through amendments to AGLC policy. Key examples of policy amendments made during the 2023-24 fiscal year include:

- Reducing listing fees for licensed producers, which brings Alberta more in line with other provincial listing fees. Effective October 1, 2023, AGLC reduced the listing fee that licensed producers must pay to register their product SKU (stock keeping unit) from \$1,500 to \$250 per SKU.
- Distributing licensed producer reports through the Cannabis Licensed Producer Secure Reports Application Portal. AGLC now shares aggregated, anonymized data that licensed producers can use to better plan production based on regional sales and sales shares, as per their request. This data gives licensed producers information about where and how much of their products were sold to different provincial regions. The ability to compare similar products across all licensed producers to determine market share and potential demand for similar products, helps them to make more informed decisions about their production lines.

- Reducing shipping fees for retailers to help boost retailers' bottom line and increase their net profit. All orders placed after October 2, 2023, saw a reduced rate of \$200 per order from \$225. A retailer that orders weekly can now save \$100 a month.

### *Horse Racing*

In March 2021, a governance review was initiated to support the long-term sustainability and success of Alberta's horse racing industry. The review resulted in a number of legislative changes aimed at modernizing the horse racing governance structure and streamlining the appeals process being made in April 2023.

### **Launch retail sportsbooks in casinos and racing entertainment centres, including mobile extensions, and evaluate further opportunities to expand best-in-class sports wagering to combat illicit offerings.**

This key objective was included in the 2023-26 Treasury Board and Finance Business Plan as Key Objective 2.6.

As Alberta's unique gaming landscape continues to be evaluated for opportunities to expand into online gambling, some of the challenges faced included the need for a careful evaluation of potential impacts on existing stakeholders, including land-based gaming operators and First Nations in Alberta.

Government and AGLC continue to assess the online gambling space. In 2023-24, the ministry continued to develop and implement Alberta's online gaming strategy, with a focus on responsible gambling and provincial and Indigenous revenue generation. This includes the continued evaluation of opportunities to expand best-in-class sports wagering to combat illicit offerings. The ministry commenced engagement with First Nations in the province, as well as with existing land-based gaming operators, to hear their perspectives on opportunities for the expansion of online gaming in the province.

### **Outcome Three: Consumers are protected in a competitive business environment**

Service Alberta and Red Tape Reduction supports consumers and businesses through effective and appropriate legislation that protects consumers and encourages economic growth in a competitive business environment. In 2023-24, the ministry accomplished several key objectives directed toward achieving this outcome.

#### Key Objectives

#### **3.1 Enhance consumer protection for Albertans through review of policies and procedures as well as improving licensing and technology to support investigations.**

The ministry's Consumer Investigations Unit helps to protect Albertans through investigative actions and proactive education efforts.

In 2023-24, educational outreach activities to help educate the public on Alberta's consumer protections established under the *Criminal Code of Canada* and nine provincial Acts were held across the province. Outreach activities reached over 1,300 individuals, through trade shows and other engagement activities.

In 2023-24, \$2.3 million was spent to support affordability for consumers through consumer protection initiatives including education, licensing, and enforcement.

- More than 25 sessions or presentations were provided to landlords, consumers, and other stakeholders. More than 2,564 local police and RCMP officers and consumers were reached through the department's pro-active messaging and outreach in this last fiscal year.

In 2023-24, \$3.1 million was spent to investigate consumer complaints.

- Consumer Services issued 6,505 licences and registrations and collected \$796,984 in revenue. Statute administrators resolved 36 complaint files forwarded from the Consumer Investigations Unit, resulting in 25 administrative actions, including \$65,500 in administrative penalties.
- In 2023-24, a total of 1,773 consumer complaints were received, resulting in the opening of 418 investigations, 761 formal enforcement actions being taken, 549 enforcement warnings/advisories being issued, and more than 1000 educational communications being issued.

The ministry continues to identify emerging issues and trends to ensure licensing and regulatory frameworks continue to provide consumer protection. Work is continuing to modernize business licensing processes, including the establishment of a new technological solution that will provide a fully modernized mechanism for licence and registration applications and renewals, complaints, and enforcement actions, as well as improve performance measurements.

### **3.2 Balance effective industry regulation and protection of consumer interests while building strong relationships between industry and regulators.**

The ministry continued to work to improve governance and ensure strong relationships with the delegated regulatory organizations it is responsible for and the industries it regulates, to ensure effective regulatory frameworks to achieve consumer protection.

In 2023-24, the ministry:

- Modernized governance frameworks and mechanisms to ensure clarity of roles and responsibilities while aligning with government's strategic directions.
- Maintained a focus on achieving an effective balance between industry self-regulation and accountability to deliver on the consumer protection outcomes expected through regulatory frameworks.
- Ensured effective industry engagement for right-touch regulation continues to be a priority.
- Engaged in extensive communication and education efforts regarding Alberta's consumer protection framework with other ministries, industry associations, non-governmental organizations, and the public.
  - This included the publishing of plain language compliance standards for employment agencies and operational guidelines for cemetery operators, updating licensing materials, and delivering presentations on key protections and compliance expectations.

#### *Life Leases*

A life lease is a contract where purchasers occupy a property (typically a unit like an apartment or condominium) for life, or until they choose to leave, in exchange for an initial upfront payment (often referred to as an entrance fee). Purchasers make subsequent monthly payments to cover

ongoing fees and operating expenses, which may also include additional services (such as meals, laundry, recreation).

Leaseholders, who are typically seniors, do not have ownership, but they may be listed on title due to their investment. At the end of the life lease, the leaseholder may receive money back from their initial lump-sum payment, based on the type of agreement they entered into. Although in the majority of cases life leases work well for both the operators and the leaseholders, a number of Albertans have reported challenges in having their entrance fees returned upon the termination of a life lease.

To improve consumer protection and help ensure life leases remain a reliable housing option for seniors, the ministry conducted extensive engagement in 2023-24 with a broad range of stakeholders, including life leaseholders and operators.

The results from engagement activities informed the development of the *Consumer Protection (Life Leases) Amendment Act, 2024*, which was passed in May 2024. The act addresses gaps in consumer protection and provides clear and consistent criteria for life lease contracts. Proposed changes establish firm payout timelines, a cooling-off period, enforcement for non-compliance, and allow flexibility to increase consumer protections as the life lease market evolves. Key changes include:

- Setting out minimum requirements for what life lease contracts must contain.
- Mandating the return of entrance fees to be within 180 days of termination of the lease.
- Establishing the ability to create interest penalties for entrance fees not repaid within the required 180 days.
- Mandating a 10-day cooling-off period after contracts are signed.
- Setting out broad regulation-making authority to further regulate the life lease industry, should additional rules become necessary. This includes the authority to establish security requirements for the life lease industry, should it wish to do so in the future.
- Establishing that non-compliance with these new requirements will be deemed offences and will be subject to enforcement under the *Consumer Protection Act's* existing framework.

#### *Prompt Pay*

In 2023-24, the ministry continued to support Alberta's construction industry through the *Prompt Payment and Construction Lien Act*.

- The Act came into force on August 29, 2022, establishing requirements for shortened payment periods and a system of streamlined adjudication for payment disputes. The period for filing of liens was extended, and the regulations included claims by professional consultants.
- In September 2023, a regulation was implemented to enable exemptions from prompt payment timelines for projects that exceed \$5 billion in value, contribute to significant job creation and economic growth in Alberta, and demonstrate environmental sustainability or greenhouse gas reduction technology.
- In fall 2023, the ministry conducted a second round of consultations with stakeholders to determine how implementation is proceeding, including any barriers to the adoption of



prompt payment practices, and about extending prompt payment to government projects. An analysis of stakeholder feedback is underway to help identify if changes are needed.

**3.3 Work with condominium owners, corporations, lawyers, property managers, and other stakeholders to enhance condominium legislation and regulations to support effective governance and operations of condominium communities.**

The ministry is committed to working with condominium owners, corporations, lawyers, managers, and other Albertans to enhance condominium legislation and regulations.

In 2023-24, substantial engagement was undertaken with condominium stakeholders to identify issues and explore how best to address those issues, in order to bring forward recommendations. The ministry has been working with a Condominium Stakeholder Working Group on the design of a dispute resolution tribunal, as well as other potential legislative amendments to ensure that the condominium legislation is effective and meets the needs of Alberta’s condominium community.

In 2024-25, the ministry is looking to introduce legislative and regulatory amendments to improve condominium governance and dispute resolution.

**Performance Measures**

**Performance Measure 3.a: Percentage of investigations into alleged consumer protection legislation violations completed within established timelines.**

**Description**

This measure is based on the percentage of files completed by the Consumer Investigations Unit within six months.

**Results and Analysis**

In 2023-24, the target of 87 per cent of investigations completed within established timelines was achieved.

**Percentage of investigations into alleged consumer protection legislation violations completed within established timelines**

Prior Years' Results		2023-24 Target	2023-24 Actual
	2021-22		
Percentage Completed (%)	86	87	87

Source: Service Alberta and Red Tape Reduction, Red Tape Reduction, Audit, and Investigations Division



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**Performance Measure 3.b: Percentage of urgent tenancy dispute resolutions completed within established timelines.**

**Description**

This measure tracks the percentage of applications heard by the RTDRS within the established 15-day timeline.

**Results and Analysis**

In 2023-24, the target of 85 per cent was exceeded, with 95 per cent of urgent tenancy dispute resolutions completed within established timeline of 15 days. This 95 per cent success rate is attributed to new resources and scheduling approaches that were incorporated in late 2022.

**Percentage of urgent tenancy dispute resolutions completed within established timelines**

Prior Years' Results		2023-24 Target	2023-24 Actual
	2021-22		
Percentage Completed (%)	33	57	85

*Source: Service Alberta and Red Tape Reduction, Consumer, Registry and Strategic Services Division*

## Performance Measure and Indicator Methodology

### **Performance Measure 1.a: Year-end registration turnaround time for land titles and surveys (business days)**

This measure is based on a measurement of time starting when a submission is received until the land title registration process has been completed. The method to calculate is the date the file is received by the ministry and the date the land title registration has been completed and the submission is closed.

### **Performance Indicator 2.a: Percentage of red tape reduced across the Government of Alberta**

A regulatory requirement is any action that a citizen, business, or government must take to access government services or programs, carry out business, or pursue legislated privileges. These requirements can be seen in instances where stakeholders have an obligation to do something as referenced in various types of regulatory instruments: statutes, regulations, policies, and forms. Regulatory requirements are typically identified by words such as “shall,” “must,” or “required.”

A baseline count of regulatory requirements in government’s statutes, regulations, policies, and forms, as of May 1, 2019, was completed in February 2020 by all ministries in accordance with the methodology and guidelines developed by Service Alberta and Red Tape Reduction. As regulatory instruments are revised, added, or repealed, ministries are required to update their counts of regulatory requirements by reporting any resulting changes in the number of regulatory requirements to Service Alberta and Red Tape Reduction.

### **Performance Measure 3.a: Percentage of investigations into alleged consumer protection legislation violations completed within established timelines**

The measure is based on the percentage of Consumer Investigations Unit investigations completed within six months. The method to calculate is the date the file is opened for investigation and the date it is closed.

### **Performance Measure 3.b: Percentage of urgent tenancy dispute resolutions completed within established timelines**

The measure is based on the percentage of urgent RTDRS applications heard within 15 business days of filing.

# Financial Information

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## Reporting Entity and Method Consolidation

The financial information is prepared in accordance with government's stated accounting policies, which are based on Canadian Public Sector Accounting Standards.

The reporting entity is the ministry for which the Minister is accountable. The accounts of the ministry includes the department and the government business enterprise (GBE) making up the ministry. GBE is accounted for using modified equity method for consolidation.

Under this method, the equity is computed in accordance with the accounting standard applicable to the entity. The accounting policies of the GBE are not adjusted to conform to those of the government. Inter-entity revenue and expense transactions and related asset and liability balances are not eliminated.

A list of the individual entities making up the ministry are shown on the "Management's Responsibility for Reporting" statement included in this annual report.

## Ministry Financial Highlights

### Statement of Revenues and Expenses (unaudited)

Year Ended March 31, 2024

	2024		2023	Change from	
	Budget	Actual	Actual	Budget	2023 Actual
	(Restated)				
	<i>In thousands</i>				
<b>Revenues</b>					
Fees and Licences	732,041	1,112,801	703,848	380,760	408,953
Other Revenue	34,140	42,062	34,736	7,922	7,326
Net income from Govt. Business Enterprises	2,348,761	2,370,200	2,396,698	21,439	(26,498)
Ministry Total	3,114,942	3,525,063	3,135,282	410,121	389,780
Inter-ministry consolidation adjustments	(32,515)	(30,721)	(29,410)	1,794	(1,311)
Adjusted Ministry Total	3,082,427	3,494,342	3,105,872	411,915	388,469
<b>Expenses - directly incurred</b>					
<b>Program</b>					
Ministry Support Services	4,936	5,292	4,571	356	721
Consumer and Registry Services	60,054	62,138	52,295	2,084	9,843
Red Tape Reduction	56,521	58,423	51,491	1,902	6,932
Financial and Admin Shared Services	93,215	83,901	73,761	(9,314)	10,140
Ministry Total	214,726	209,754	182,118	(4,972)	27,636
Inter-ministry consolidation adjustments	(32,515)	(30,334)	(29,410)	2,181	(924)
Adjusted Ministry Total	182,211	179,420	152,708	(2,791)	26,712
<b>Annual Surplus</b>	2,900,216	3,314,922	2,953,164	414,706	361,758

## Revenue and Expense Highlights

### Revenues

- Revenues totaled \$3,525 million in 2023-24, which is an increase of \$389.8 million from 2022-23. The largest variance was in the fees and licences category.
- Revenues from fees and licences totaled \$1,112.8 million and include fees collected for motor vehicles, land titles, corporate registry, vital statistics, and personal property registration services. This amount represents an increase of \$408.9 million from 2022-23 actuals, and an increase of \$380.7 million from 2023-24 budget. This was mostly owing to the recognition of unearned revenues from adoption of the new revenue accounting standard PS 3400.
- Other revenue includes costs recovered for providing shared services to other ministries and external entities. Overall, other revenues totaled \$42.1 million in 2023-24, which represent an increase of \$7.3 million from prior year and an increase of \$7.9 million from the budget.
- Net income from Government Business Enterprises totaled \$2,370.2 million in 2023-24, which decreased by \$26.5 million compared to prior year, but was still higher than budget by \$21.4 million. This was mainly due to lower liquor sales and lower share of income from the Western Canada Lottery Corporation. However, this was still higher than budget by \$21.4 million, mainly due to higher net revenue than budget.

### Expenses

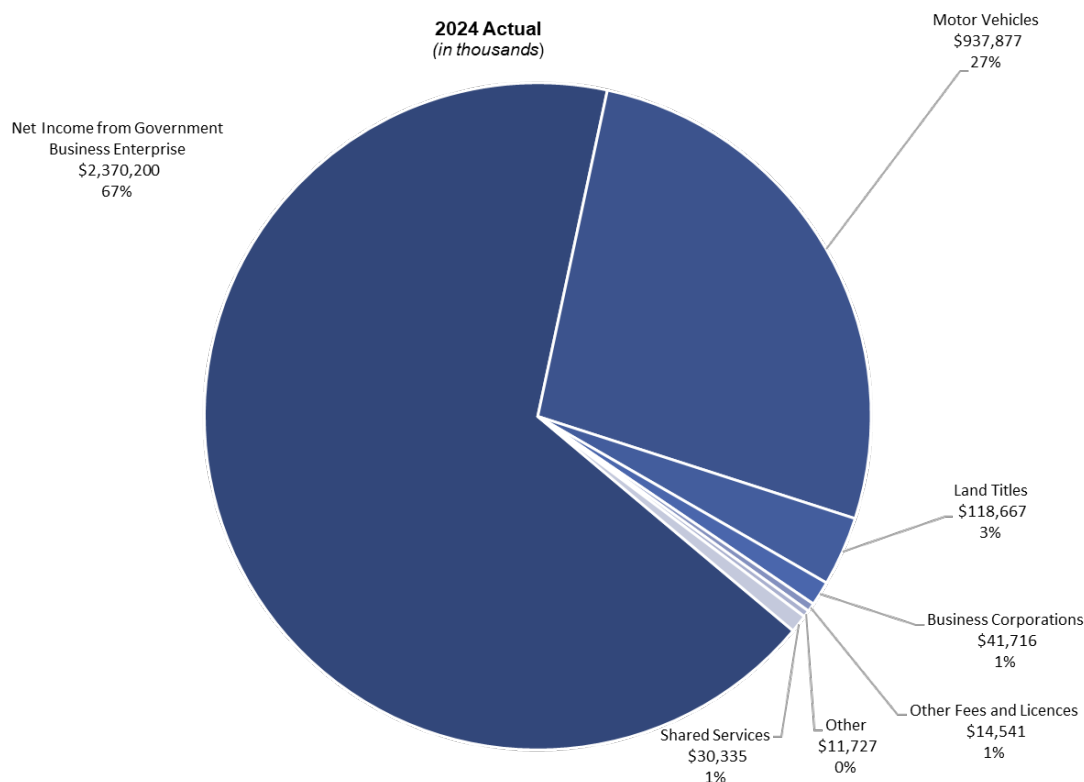
- Ministry Expenses were \$5.0 million lower than the budgeted amount in 2023-24. This is mainly attributed to lower salary, wage, and benefit expenses arising from hiring delays, the one per cent savings initiative, lower than anticipated expenses for postage and mailing services, and lower amortization than budget.
- Expenses in 2023-24 totaled \$209.8 million, reflecting an increase of \$27.6 million from 2022-23 actuals. This can mainly be attributed to:
  - The expenses incurred to make changes in the system to allow for implementation of the Seniors' Discount program.
  - Increase in general contracted services related to the Category Management project.

**Breakdown of Revenues (unaudited)**

	2024		2023
	Budget	Actual	Actual (Restated)
	<i>In thousands</i>		
<b>Revenues</b>			
Net Income from Government Business Enterprise	2,348,761	2,370,200	2,396,698
Fees and licences			
Land Titles	129,395	118,667	106,292
Motor Vehicles	550,205	937,877	543,695
Business Corporations	38,788	41,716	40,188
Other fees and licences	13,653	14,541	13,673
	<u>732,041</u>	<u>1,112,801</u>	<u>703,848</u>
<b>Other revenue</b>			
Shared Services	32,515	30,335	29,410
Other	1,625	11,727	5,326
	<u>34,140</u>	<u>42,062</u>	<u>34,736</u>
	<b><u>3,114,942</u></b>	<b><u>3,525,063</u></b>	<b><u>3,135,282</u></b>

## Breakdown of Revenues (unaudited)

In 2023-24, Service Alberta and Red Tape Reduction collected \$3,525 million in revenue:



### Net Income from Government Business Enterprises

- \$2,370.2 million or sixty seven per cent, of revenue from Alberta Gaming, Liquor and Cannabis, which is accounted for as a Government Business Enterprise.

### Premiums, Fees, and Licences

- \$1,112.8 million, or thirty-two per cent, of the revenue primarily relates to fees and licenses collected from the five major registries (motor vehicles, land titles, business corporations, personal property, and vital statistics).
  - The ministry utilizes a network of 213 agents, located throughout the province, to deliver registry services, involving 9.5 million transactions. Transactions delivered by the registry agent network account for 48 per cent of the total registry transactions for 2023-24.
  - The amount of revenue collected is influenced by transaction volumes, which in turn are influenced by various factors such as the economic health of the province and demographic changes.



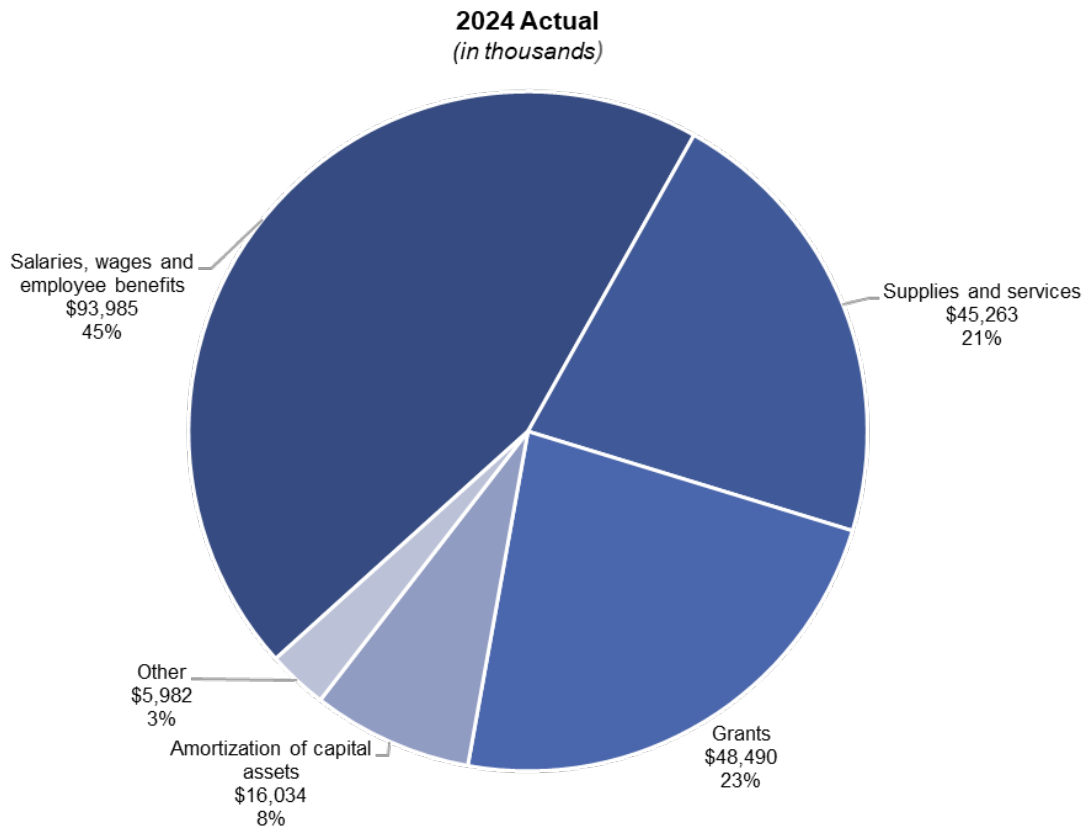
**Breakdown of Revenues (unaudited)...Continued****Other Revenues**

- \$11.7 million in other revenue is partly composed of:
  - \$5.4 million in revenue collected from Horse Racing and Breeding Renewal;
  - \$1.6 million in Alberta King's Printer sales;
  - \$1.1 million in capital gains on asset sales; and
  - \$0.8 million in revenue collected for Airport Entertainment Centres.
- The remaining one per cent (\$30.3 million) was generated from sources internal to the government, including the cost of providing shared services.

**Expenses – Directly Incurred Detailed by Object (unaudited)**

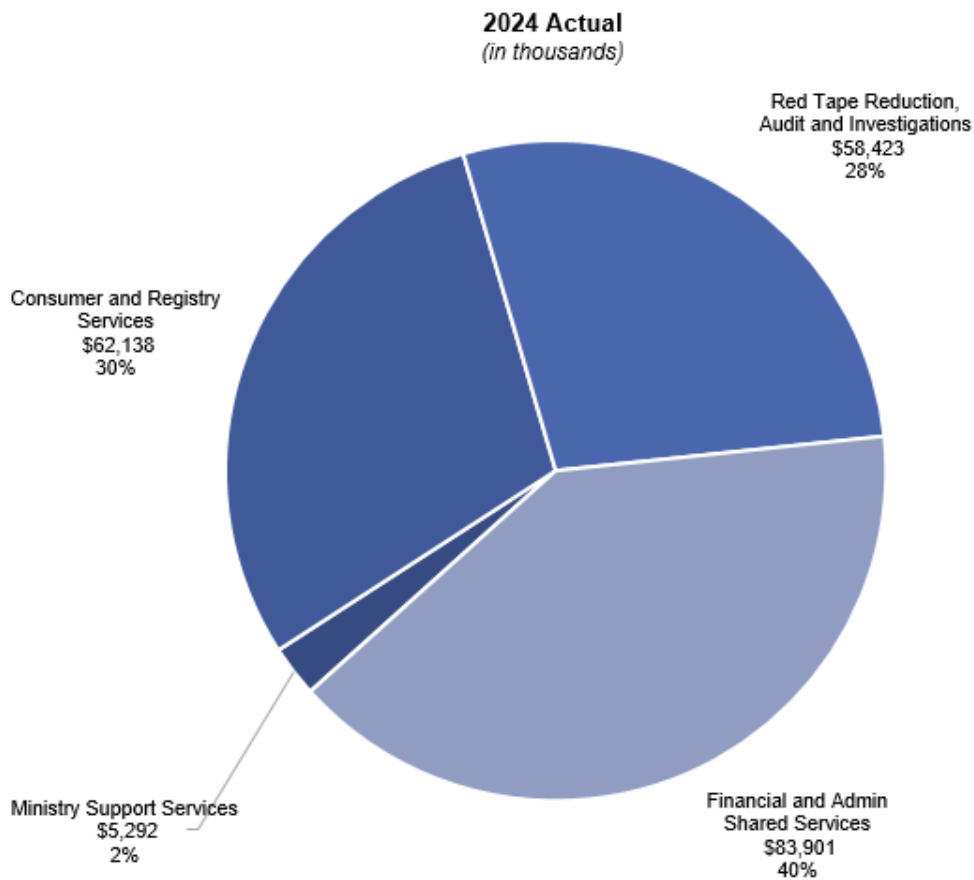
	<b>2024</b>		<b>2023</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
			(Restated)
	<i>In thousands</i>		
Salaries, wages and employee benefits \$	96,608	\$ 93,985	\$ 84,258
Supplies and services	47,635	45,263	32,812
Grants	46,250	48,490	42,268
Amortization of capital assets	18,100	16,034	17,471
Other	6,133	5,982	5,309
	<b>\$ 214,726</b>	<b>\$209,754</b>	<b>\$ 182,118</b>

## Expenses – Directly Incurred Detailed by Object (unaudited)



- Salaries and wages were the ministry's largest operating expense at \$94.0 million, representing 45 per cent of the total expense and were primarily incurred in the provision of shared services to government ministries and in support of Alberta registries.
- Supplies and services are \$45.3 million of the total expense, out of which \$30.3 million is funded by revenues received from ministries for mail services, print services, fleet management, and imaging services.
- Grants totaled \$48.5 million and comprises payments to the Horse Racing and Breeding Program, Airport Entertainment Centres, and gaming research and policy.
- Amortization totaled \$16.0 million and accounted for eight per cent of the ministry's operating expense. Amortization is a non-cash expense representing the depletion or use of a capital asset. It is a proxy for the capital investment required to maintain and replenish assets owned by Service Alberta and Red Tape Reduction. These assets are used to deliver the department's programs.
- Other expenses of \$6.0 million represent the remainder of the ministry's expenses, which include the cost of postage, consumption of supplies inventories, and valuation adjustments.

### Expenses by Program (unaudited)



- \$83.9 million is for Financial and Administrative Shared Services, of which \$30.3 million is funded by revenues received from ministries for mail services, print services, fleet management, and imaging services.
- \$62.1 million is for Consumer and Registry Services, which includes consumer awareness and advocacy, Land Titles, Motor Vehicles, other registry services, and registries modernization.
- \$58.4 million is for Red Tape Reduction, Audit and Investigations which includes the Horse Racing and Breeding Renewal Program, audit and investigations, gaming research and policy, and RTR.
- \$5.3 million is for ministry support services.

## Supplemental Financial Information

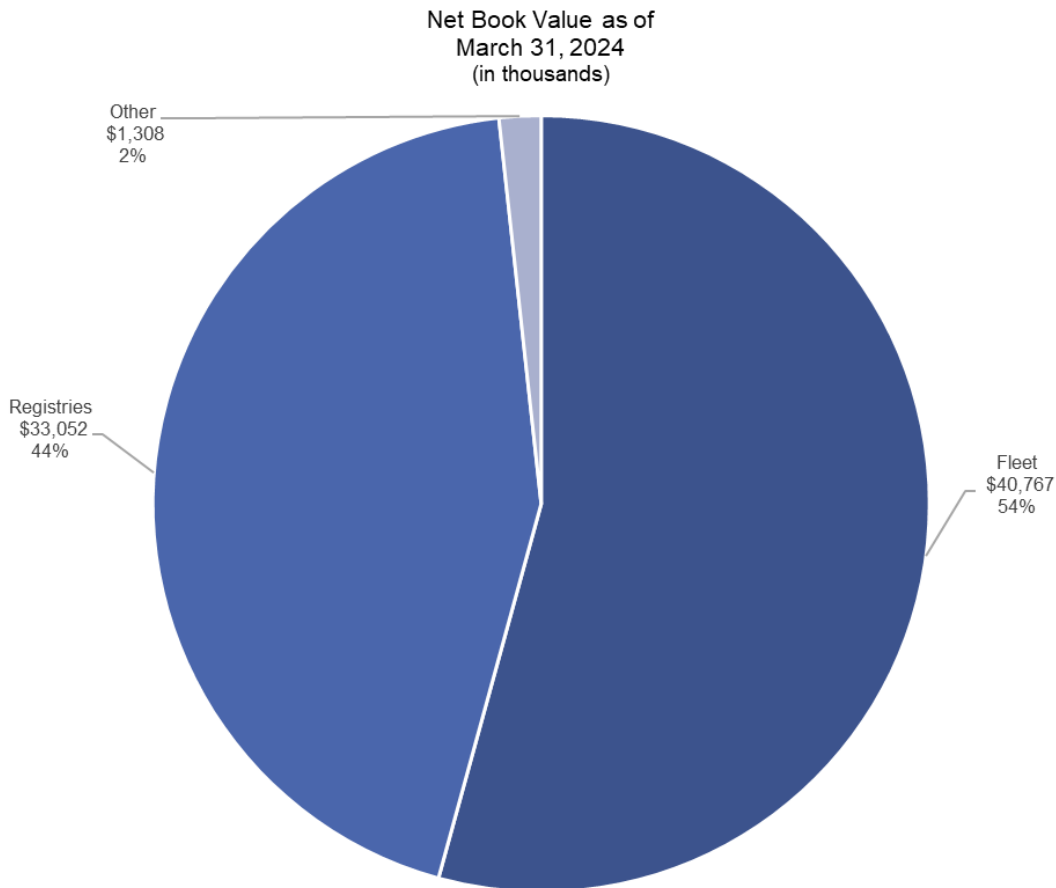
### Tangible Capital Assets (unaudited)

	2024			2023
	<i>In thousands</i>			
	Equipment <sup>(1)</sup>	Computer Hardware and Software	Total	Total
	3-25 yrs	3-15 yrs		
<b>Estimated Useful Life</b>				
<b>Historical cost <sup>(2)</sup></b>				
Beginning of year	\$ 150,670	\$ 107,342	\$ 258,012	\$ 243,810
Additions	14,151	19,553	33,704	22,592
Transfers to/from Departments	426	-	426	-
Adjustments	-	-	-	-
Disposals including write-downs	(5,735)	(0)	(5,735)	(8,390)
	<b>\$ 159,510</b>	<b>\$ 126,894</b>	<b>\$ 286,407</b>	<b>\$ 258,012</b>
<b>Accumulated amortization</b>				
Beginning of year	\$ 110,658	\$ 90,061	\$ 200,719	\$ 190,742
Amortization expense	12,660	3,374	16,034	17,472
Transfers to/from Departments	39	-	39	-
Disposals including write-downs	(5,512)	-	(5,512)	(7,495)
	<b>\$ 117,845</b>	<b>\$ 93,435</b>	<b>\$ 211,280</b>	<b>\$ 200,719</b>
<b>Net book value at March 31, 2024</b>	<b>\$ 41,667</b>	<b>\$ 33,459</b>	<b>\$ 75,127</b>	
<b>Net book value at March 31, 2023</b>	<b>\$ 40,013</b>	<b>\$ 17,280</b>		<b>\$ 57,293</b>

<sup>(1)</sup> Equipment is mostly composed of Government fleet vehicles.

<sup>(2)</sup> Historical cost includes assets under construction at March 31, 2024 totalling \$35,699 comprised of: equipment \$11,466 and computer hardware and software \$24,233.

### Tangible Capital Assets (Unaudited)



Service Alberta and Red Tape Reduction’s \$75.1 million tangible capital assets are comprised of:

- the government’s vehicle fleet, valued at \$40.8 million and includes over 3,700 vehicles;
- registry application systems valued at \$33.0 million, which enable the delivery of registry related services and information essential to the lives of Albertans; and
- other assets worth \$1.3 million that support the delivery of a range of administrative, business, and financial services to other departments, enabling the government to act as one coherent enterprise.

## Financial Statements of Other Reporting Entities

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**Alberta Gaming, Liquor and Cannabis Commission**

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## Statement of Management's Responsibility for Financial Reporting

The accompanying financial statements of the Alberta Gaming, Liquor and Cannabis Commission (AGLC) have been prepared by management and approved by AGLC's Board (Board). The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

Management is responsible for the integrity and fairness of the financial statements. Where required, management has made informed judgments and estimates regarding the expected future effects of current events and transactions with appropriate consideration to materiality. In the opinion of management, the financial statements have been properly prepared and fairly represent the financial position, operational results and cash flows of AGLC.

Management has developed and implemented appropriate systems of internal controls and supporting procedures which have been designed to provide reasonable assurance that assets are protected; transactions are properly authorized, executed and recorded; and the financial statements are free from material misstatements. AGLC maintains a team of internal auditors whose functions include an ongoing review of internal controls and their applications. The Director, Internal Audit, has direct and unrestricted access of the Audit and Finance Committee.

The Board, assisted by the Audit and Finance Committee, is responsible for overseeing management in performance of its financial reporting duties. The Audit and Finance Committee meets regularly with management and external auditors to review the scope and findings of audits and to satisfy itself that the committee's responsibility has been properly discharged. The Audit and Finance Committee has reviewed the financial statements and has recommended their approval by the Board.

The Office of the Auditor General of Alberta performs an independent external audit of these financial statements and prepared an Independent Auditor's Report, which is presented as part of the financial statements. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

[Original signed by]

**Kandice Machado**

Chief Executive Officer

**Nick Knight**

Vice President, Corporate Services  
and Chief Financial Officer

## Independent Auditor's Report

To the Members of Alberta Gaming, Liquor and Cannabis Commission



### Report on the Financial Statements

#### Opinion

I have audited the financial statements of Alberta Gaming, Liquor and Cannabis Commission (the Commission), which comprise the statement of financial position as at March 31, 2024, and the statements of net income, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2024, and its financial performance, and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Commission in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Other information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the financial statements and my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

## **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

## **Auditor's responsibilities for the audit of the financial statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]  
Auditor General

May 24, 2024  
Edmonton, Alberta

## Statement of Financial Position

As at March 31  
(in thousands of dollars)

	Note	2024	2023
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	\$ 112,509	\$ 134,731
Trade and other receivables		60,280	32,438
Lease receivables	10	3,332	3,901
Inventories and prepaid expenses	6	91,207	92,840
		<u>267,328</u>	<u>263,910</u>
<b>Non-Current Assets</b>			
Property and equipment	7	346,375	291,614
Intangible assets	8	56,879	63,310
Investment properties	9	133,355	132,813
Lease receivables	10	231	3,563
Right-of-use assets	10	8,562	1,614
Net defined benefit pension asset	12	31,118	19,580
Investment in Western Canada Lottery Corporation	16	38,162	38,833
		<u>614,682</u>	<u>551,327</u>
<b>TOTAL ASSETS</b>		<u>\$ 882,010</u>	<u>\$ 815,237</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		\$ 288,561	\$ 247,978
Lease liabilities	10	5,191	5,120
		<u>293,752</u>	<u>253,098</u>
<b>Non-Current Liabilities</b>			
Due to General Revenue Fund	11	318,763	331,974
Lease liabilities	10	7,158	3,947
		<u>325,921</u>	<u>335,921</u>
<b>EQUITY</b>			
Retained surplus		186,600	161,600
Accumulated other comprehensive income	12	75,737	64,618
		<u>262,337</u>	<u>226,218</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>\$ 882,010</u>	<u>\$ 815,237</u>

The accompanying notes are an integral part of these financial statements.

Approved by  
BOARD

MANAGEMENT

[Original signed by]

[Original signed by]

**Vincent Vavrek**  
Audit and Finance Committee Chair

**Kandice Machado**  
Chief Executive Officer

## Statement of Net Income

For the year ended March 31  
(in thousands of dollars)

	Note	2024	2023
Cannabis revenue		\$ 673,528	\$ 618,878
Cannabis cost of sales		(609,591)	(558,453)
Cannabis net revenue	13	63,937	60,425
Gaming net sales		2,078,231	1,924,636
Commissions, promotions and federal payments		(573,815)	(493,356)
Gaming net revenue	13	1,504,416	1,431,280
Liquor net revenue	13	823,205	850,412
<b>Net Revenue</b>		<b>2,391,558</b>	<b>2,342,117</b>
Operating expenses	14	(368,520)	(322,145)
<b>Profit from Operations</b>		<b>2,023,038</b>	<b>2,019,972</b>
Other revenue	15	24,343	23,857
Share of income from Western Canada Lottery Corporation	16	322,818	352,869
<b>Net Income</b>	13	<b>2,370,199</b>	<b>2,396,698</b>
Net income allocation to General Revenue Fund	11	(2,345,199)	(2,366,698)
<b>Net Income after Allocation</b>	11	<b>\$ 25,000</b>	<b>\$ 30,000</b>

The accompanying notes are an integral part of these financial statements.



## Statement of Comprehensive Income

For the year ended March 31  
(in thousands of dollars)

	Note	2024	2023
Net income	13	\$ 2,370,199	\$ 2,396,698
<b>Other Comprehensive Income</b>			
Net actuarial gain	12	11,119	27,538
<b>Comprehensive Income</b>		<b>\$ 2,381,318</b>	<b>\$ 2,424,236</b>

The accompanying notes are an integral part of these financial statements.

## Statement of Changes in Equity

For the year ended March 31  
(in thousands of dollars)

	Note	2024	2023
<b>Retained Surplus</b>			
Retained surplus, beginning of year		\$ 161,600	\$ 131,600
Net income after allocation		25,000	30,000
Retained surplus, end of year		<u>186,600</u>	<u>161,600</u>
<b>Accumulated Other Comprehensive Income</b>			
Accumulated other comprehensive income, beginning of year		64,618	37,080
Other comprehensive income	12	11,119	27,538
Accumulated other comprehensive income, end of year		<u>75,737</u>	<u>64,618</u>
<b>Total Equity</b>		<b>\$ 262,337</b>	<b>\$ 226,218</b>

The accompanying notes are an integral part of these financial statements.

## Statement of Cash Flows

For the year ended March 31  
(in thousands of dollars)

	2024	2023
<b>Cash Flows from Operating Activities</b>		
Comprehensive income	\$ 2,381,318	\$ 2,424,236
Share of income from Western Canada Lottery Corporation	(322,818)	(352,869)
Amortization	80,673	72,664
Decommissioning provision	(1,580)	-
Lease interest expense	279	157
Lease interest income	(74)	(124)
Loss on disposal of non-current assets	967	1,193
Decrease in net defined benefit pension liability	-	(7,164)
Increase in net defined benefit pension asset	(11,538)	(19,580)
Net change in non-cash working capital items:		
Increase in trade and other receivables	(27,842)	(5,728)
Decrease (increase) in inventories and prepaid expenses	1,633	(5,974)
Increase (decrease) in trade and other payables	40,583	(14,722)
	2,141,601	2,092,089
Transfers to General Revenue Fund	(2,358,410)	(2,378,943)
<b>Net Cash Used in Operating Activities</b>	(216,809)	(286,854)
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(118,946)	(106,753)
Purchase of intangible assets	(4,255)	(12,149)
Additions to investment properties	(3,928)	(269)
Net proceeds on disposal of non-current assets	559	263
Rental payments received	3,975	3,922
Advances received from Western Canada Lottery Corporation	323,489	349,060
<b>Net Cash Provided by Investing Activities</b>	200,894	234,074
<b>Cash Flows from Financing Activities</b>		
Lease payments	(6,307)	(6,958)
<b>Net Cash Used in Financing Activities</b>	(6,307)	(6,958)
<b>Net Decrease in Cash and Cash Equivalents during the year</b>	(22,222)	(59,738)
<b>Cash and Cash Equivalents, beginning of year</b>	134,731	194,469
<b>Cash and Cash Equivalents, end of year</b>	\$ 112,509	\$ 134,731
<b>Supplemental Cash Flow Information</b>		
Interest received	\$ 5,444	\$ 3,974

The accompanying notes are an integral part of these financial statements.



## Notes to the Financial Statements

For the year ended March 31  
(in thousands of dollars)

### 1. Nature of Operations

The Alberta Gaming, Liquor and Cannabis Commission (AGLC) operates under the authority of the *Gaming, Liquor and Cannabis Act* (Act), Revised Statutes of Alberta 2000, Chapter G-1. Under the Act, AGLC was established as a provincial Crown corporation governed by the Board appointed by the Lieutenant General in Council.

The objectives of AGLC are:

- a) to administer the Act;
- b) to conduct and manage provincial lotteries (gaming activities) for the Government of Alberta;
- c) to carry out functions respecting gaming delegated to it by the Lieutenant Governor in Council under the *Criminal Code* (Canada) or conferred on it by this Act;
- d) to control, in accordance with the Act, the manufacture, import, sale, purchase, possession, storage, transportation, use and consumption of liquor;
- e) to control, in accordance with the Act, the import, purchase, giving, possession, storage, transportation and use of cannabis;
- f) to distribute, or control the distribution, of cannabis in accordance with this Act;
- g) to sell, or control the sale, of cannabis in accordance with this Act;
- h) to generate revenue for the Government of Alberta.

The registered office is located at 50 Corriveau Avenue, St. Albert, Alberta.

### 2. Basis of Presentation

#### a) Basis of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and related interpretations as issued by the IFRS Interpretation Committee (IFRIC).

These financial statements were authorized for issue by the Board on May 24, 2024.

#### b) Basis of Measurement

These financial statements have been prepared on a historical cost or amortized cost basis and are presented in Canadian dollars, the functional currency of AGLC. All values are rounded to the nearest thousand.

### 3. Significant Accounting Policies

#### a) Financial Instruments

##### Recognition and Measurement

Financial instruments are classified based on the business model for managing financial instruments and contractual cash flow characteristic of the financial instruments. They are recognized in the Statement of Financial Position when AGLC becomes a party to the contractual terms of the instrument, which represents its trade date.

All financial instruments are initially measured at fair value and are subsequently accounted for based on their classification. Transaction costs directly attributable to acquisition or issue of financial instruments (other than those at fair value through profit or loss) are added or subtracted from the fair value of financial instruments. Transaction costs directly attributable to acquisition or issue of financial instruments at fair value through profit or loss are recognized immediately in profit or loss.

AGLC's financial instruments are classified as following:

Cash and cash equivalents	Debt instrument at amortized cost
Trade and other receivables	Debt instrument at amortized cost
Trade and other payables	Other financial liabilities at amortized cost
Due to General Revenue Fund	Other financial liabilities at amortized cost

### Derecognition

Financial assets are derecognized when the contractual cash flows from the assets expire or when AGLC transfers the right to receive the contractual cash flows of the assets. Financial liabilities are derecognized when the contractual obligation under the liability is discharged, cancelled, or it expires. Any differences in the carrying amounts of the financial instruments are recognized in the Statement of Net Income.

### Impairment

Financial assets measured at amortized cost are assessed at each reporting date to determine whether there is objective evidence of impairment. An expected credit loss impairment model is applied, where expected credit losses are the present value of all cash flows that AGLC expects to receive over the expected life of the financial asset. AGLC recognizes lifetime expected credit losses for trade and other receivables.

### b) Inventories

Gaming parts and supplies and cannabis products held for sale are measured at the lower of cost and net realizable value (NRV). The cost of inventories is determined on a weighted average basis and includes the purchase price, net of trade discounts received, plus other costs incurred in bringing the inventories to their present locations. Inventories are written down to their NRV when the cost of inventories is estimated not to be recoverable through sale or usage. Any write-down to NRV is recognized as expense in the period in which the write-down occurs.

Liquor inventory is held on behalf of liquor suppliers and/or agencies. As such, their value, as well as related duties and taxes, are not recorded in these financial statements.

### c) Property and Equipment and Intangible Assets

Property and equipment and intangible assets are reported at cost less accumulated amortization. Where an asset is comprised of major components with different useful lives, the components are accounted for and amortized separately. Amortization begins when the asset is put into use, with no amortization calculated on assets under construction or development. Land is not amortized.

Costs related to software developed or obtained for internal use are capitalized if it is probable that future economic benefit will flow to AGLC and the cost can be reliability measured.

The estimated useful life of assets is reviewed annually for any changes in circumstances. The effects of any changes to the estimated useful life are accounted for on a prospective basis.

Gains and losses on the disposal of assets are recorded in the year of disposal.

Amortization is calculated on a straight-line basis over the estimated useful life of assets as follows:

Buildings	Up to 40 years
Leasehold improvements	Lease term
Equipment	Up to 15 years
Computer hardware	Up to 10 years
Gaming terminals	Up to 8 years
Software	Up to 15 years

#### d) Investment Properties

Investment properties are comprised of land, buildings or a combination of both and are held by AGLC to earn rental income. They include the liquor distribution and storage facility located at 2 Boudreau Road, leased to Connect Logistics Services Inc., and a warehouse located at 50 Corriveau Avenue. Both facilities are located in St. Albert.

Investment properties are initially recognized at cost and are subsequently carried at cost less accumulated amortization. Where an asset is comprised of major components with different useful lives, the components are accounted for and amortized separately. Amortization begins when the asset is put into use, with no amortization calculated on assets under construction or development. Land is not amortized.

The estimated useful life is reviewed on an annual basis for any changes in circumstances. The effects of any changes to the estimated useful life are accounted for on a prospective basis.

Gains and losses on the disposal of assets are recorded in the year of disposal.

Amortization is calculated on a straight-line basis over the estimated useful life of assets as follows:

Buildings	Up to 40 years
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#### e) Defined Benefit Pension Plan

AGLC participates in multi-employer defined benefit pension plans sponsored by the Province of Alberta: the Public Services Pension Plan (PSPP), the Management Employees Pension Plan (MEPP) and the Supplementary Retirement Plan (SRP) for Public Service Managers. The cost of providing benefits under the defined benefit plans is determined separately for each plan by independent actuaries based on applicable assumptions. An expense and associated liability for benefits earned are recognized in the period that employee services have been rendered. Under defined benefit pension plan accounting, AGLC must recognize its proportionate share, determined on an actuarial basis, of plan assets, obligations, remeasurement amounts and service costs.

For defined benefit pension plans, current benefit cost represents the actuarial present value of the benefits earned in the current period. Such cost is actuarially determined using the accrued benefit method prorated on service, a market interest rate, management's best estimate of projected costs, and the expected years of service until retirement. The liability is the present value of the defined benefit obligation, which is determined by discounting the estimated future cash flows using a discount rate based on market yields of high-quality corporate bonds having terms to maturity that approximate the duration of the related benefit liability. Interest expense represents the amount required in each year to form the liability over the projected period to its future value. Remeasurement changes in benefit liabilities, composed of actuarial changes in assumptions and experience gains and losses, are recognized in other comprehensive income.

The net defined benefit pension liability, including the underlying assumptions for future salary increases, inflation rates and discount rates, is reviewed annually.



**f) Investment in an Associate: Western Canada Lottery Corporation**

Western Canada Lottery Corporation (WCLC) was incorporated without share capital under Part II of the *Canada Corporations Act* on April 16, 1974 and was continued under the *Canada Not-for-profit Corporations Act* on June 30, 2014. WCLC is authorized to manage, conduct, and operate lottery and gaming-related activities for its members – the Governments of Alberta, Saskatchewan, and Manitoba. Yukon, the Northwest Territories and Nunavut participate as associate members.

AGLC has significant influence, but no control or joint control, over the financial and operating policy decisions of WCLC. As a result, AGLC's investment in WCLC (considered an associate) is accounted for using the equity method of consolidation.

Under the equity method, the investment in WCLC is reported in the Statement of Financial Position at cost, including post-acquisition changes in AGLC's share of net assets of WCLC.

The Statement of Net Income reflects AGLC's share of the results of WCLC's operations. Where there has been a change recognized directly in the equity of WCLC, AGLC recognizes its share of any changes and discloses this, when applicable, in due to General Revenue Fund. Unrealized gains and losses resulting from transactions between AGLC and WCLC are eliminated to the extent of the interest in WCLC.

The financial statements for WCLC are prepared in accordance with IFRS, for the same reporting period as AGLC. Where necessary, adjustments are made to bring the accounting policies into conformity with those of AGLC.

If there were indicators that the investment is impaired, the difference between the recoverable amount and carrying value would be recognized in the Statement of Net Income.

Upon any loss of significant influence over WCLC, AGLC would measure and recognize any remaining investment at its fair value. Any difference between the carrying amount, the fair value of the investment, and proceeds from disposal, would be recognized in the Statement of Net Income.

**g) Impairment of Non-Financial Assets**

The carrying amount of non-financial assets is reviewed for impairment whenever events, changes in circumstances or technical or commercial obsolescence, indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, assets would be grouped at the lowest level for which there are separately identifiable cash inflows, referred to as cash-generating units. An impairment loss is the amount by which the cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of a cash generating unit's fair value less costs to sell and its value in use. Impairment losses would be recognized in the Statement of Net Income.

For impaired non-financial assets, an assessment is made annually to determine if there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, AGLC would estimate the recoverable amount. A previously recognized impairment loss would only be reversed if there has been a change in the assumptions used to determine the recoverable amount since the last impairment loss was recognized. An impairment loss would only be reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized in prior years. Such impairment loss reversal would be recognized in the Statement of Net Income, in a manner consistent with the originally recognized impairment loss.

**h) Leases****As a Lessor**

Leases in which AGLC assumes substantially all the risks and rewards of ownership are classified as financial leases, while all other leases are classified as operating leases. All leases with AGLC as a lessor (properties classified as investment properties) have been classified as operating leases, with lease income recognized in net income on a straight-line basis over the term of the lease. Expenses incurred in earning lease income are expensed as incurred.

### As a Lessee

At inception of an arrangement, AGLC determines whether the arrangement is, or contains, a lease.

AGLC leases properties (offices, warehouses, and storage facilities) and vehicles. Contracts are typically made for fixed terms, but some may include extension options.

As a lessee, AGLC applies a single recognition and measurement approach for all leases, except for short-term leases, and recognizes right-of-use assets representing the right to use the underlying assets and lease liabilities to account for the present value of the future lease payments. Extension options are included in the assessment if AGLC is reasonably certain to exercise the options.

#### Right-of-use Assets

AGLC recognizes right-of-use assets at the commencement date of the lease when the underlying asset is available for use. Right-of-use assets are measured at cost, including the lease and non-lease components of the lease arrangement, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date. Right-of-use assets are amortized on a straight-line basis over the shorter of the lease term or the estimated useful lives of the assets, as follows:

Properties	Up to 5 years
Vehicles	Up to 3 years

The right-of-use assets are also subject to impairment as described in Note 3g.

#### Lease Liabilities

At the commencement date of the lease, AGLC recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments and incorporate the lease and non-lease components of the lease arrangement (including in-substance fixed payments).

In calculating the present value of lease payments, AGLC uses the interest rate implicit in the lease or its incremental borrowing rate (IBR) if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is reduced by the principal portion of the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, or a change in the lease payments.

#### Short-term Leases and Leases of Low value Assets

AGLC applies the short-term lease recognition exemption to its short-term leases (leases with a term of up to 12 months) of gaming equipment. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense over the lease term.

### Subleases

AGLC has several property contracts which have been subleased to third parties. In these cases, AGLC as the original lessee, accounts for the original lease (the head lease) as a lessee and for the sublease as the lessor (intermediate lessor).

AGLC, as the intermediate lessor, recognizes lease receivables in the Statement of Financial Position and accounts for the head lease liability in accordance with the lessee accounting model.

**i) Revenue from Contracts with Customers**

AGLC's revenue is generated primarily from gaming activities (including revenue from slot terminals, video lottery terminals and online gambling), as well as the selling of liquor and cannabis. Revenue is recognized when control of the goods or services is transferred to the customer. AGLC is the principal in its revenue arrangements for gaming activities and cannabis, and an agent for liquor transactions based on the control of goods or services before they are transferred to the customer.

The disclosures of significant accounting estimates, assumptions and critical judgments related to revenue from customers are provided in Note 4.

**Gaming Revenue**

Gaming revenue is comprised of one performance obligation which is honoring the outcome of the game played and making the appropriate payout. AGLC recognizes revenue from the gaming activities based on the net win or loss as it is determined since no further performance obligations exist. Payment from the customer is required to initiate the game play.

**Player Engagement Program**

AGLC administers and manages Winner's Edge, a Player Engagement Program (PEP), which allows players to accumulate loyalty points for slot terminal play that can be redeemed for free plays or additional ballots for designated promotional draws. PEP loyalty points give rise to a separate performance obligation, as they provide a material right to the player. A portion of the slot terminal transaction price is allocated to the PEP loyalty points awarded to customers, based on relative stand-alone selling price, and recognized as a contract liability until the PEP loyalty points are redeemed. Revenue is recognized upon redemption of PEP loyalty points by the customer.

When estimating the stand-alone selling price of the PEP loyalty points, AGLC considers the likelihood that the customer will redeem the loyalty points within the expiration period. AGLC updates its estimates of the points that will be redeemed and any adjustments to the liability balance are recognized against revenue.

**Sale of Liquor**

In most cases, AGLC purchases liquor products from liquor suppliers and registered agencies to warehouse and distribute based on a consignment model, however Alberta-based manufacturers are also permitted to warehouse and distribute liquor products. As warehousing and distribution is managed by third-party providers and Alberta-based manufacturers, AGLC is acting as an agent in these arrangements. Revenue is recorded on a net basis, recognized at the point in time when control for the goods is provided to the third-party providers or Alberta-based manufacturers. Payment is required before the goods are transferred.

**Sale of Cannabis**

AGLC purchases cannabis products from licensed producers and is responsible for warehousing and distributing recreational cannabis products to licensed retailers. AGLC maintains direct control of cannabis products and thus is a principal in the arrangement and records revenue on a gross basis. Revenue from the sale of cannabis is recognized at the point in time when control of the goods is transferred to the customer on delivery. Payment is required before the goods are transferred.

**j) Goods and Services Tax**

As a Government of Alberta entity, AGLC is exempt from paying Goods and Services Tax (GST) on purchases of taxable supplies and services related to liquor and cannabis operations.



As a provincial gaming authority, AGLC is a prescribed registrant under the Games of Chance (GST/HST) Regulations of the *Excise Tax Act*. AGLC is obligated to calculate and remit GST for gaming related operations pursuant to the *Excise Tax Act*.

#### **k) Operating Expenses**

Operating expenses are allocated against gaming, liquor and cannabis revenue sectors based on the nature of the expenses.

#### **l) Allocation of Net Income**

The Act requires AGLC to transfer the net income to the General Revenue Fund. Note 11 provides additional information regarding the amount due to the General Revenue Fund.

#### **m) Contingent Liabilities and Provisions**

Contingent liabilities are possible obligations that arise from past events whose existence will be confirmed by occurrence or non-occurrence of uncertain future events or are present obligations that are not recognized because it is not probable that settlement will require an outflow of economic benefits or because the amount of the obligation cannot be reliably measured.

Provisions are recognized when it is probable that an outflow of economic resources will be required to settle a legal or constructive obligation arisen as a result of past events, and for which a reliable estimate of the amount of the obligation can be made. The expense relating to a provision is presented in the Statement of Net Income, net of any reimbursement.

#### **n) Future Accounting Policy Changes**

Future accounting policy changes are based on standards issued, but not yet effective, up to the date of the issuance of the financial statements. The following information is of standards and interpretations issued, which may be relevant and applicable at a future date.

*IAS 1 Presentation of Financial Statements* – amendments effective for annual reporting periods starting on or after January 1, 2024. The amendments provide clarity on the classification of liabilities with covenants as current or non-current and improve the disclosure of these covenants in the notes to the financial statements. Management is currently assessing the impact of the amendments.

*IFRS 16 Leases* – amendments effective for annual reporting periods starting on or after January 1, 2024. The purpose of the amendments is to clarify how a seller-lessee should apply the subsequent measurement requirements in IFRS 16 to the lease liability arising from a sale and leaseback transaction that qualifies under IFRS 15 *Revenue from Contracts with Customers*. It prevents a seller-lessee from recognizing any gain or loss that relates to the right of use it retains over an asset. Management is currently assessing the impact of the amendments.

### **4. Significant Accounting Estimates, Assumptions and Critical Judgments**

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of AGLC's accounting policies and the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

For property and equipment, intangible assets and investment properties, judgment is used to estimate the useful life of the assets. The estimate is based on analysis of pertinent factors including the expected use of the asset and asset category.

For the provision for pension liability, judgment is used to estimate the underlying assumptions for future salary increases, inflation rates and discount rates.

When accounting for leases where the interest rate implicit in the lease cannot be readily determined, AGLC uses its IBR to measure lease liabilities. The IBR is the rate of interest that AGLC would have to pay to borrow funds over a similar term, and with a similar security, necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects an estimated rate that AGLC 'would have to pay'.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are described throughout these notes to the financial statements. AGLC based its assumptions and estimates on the best information available to management. Existing circumstances and assumptions about future development(s) may change due to market changes or circumstances, arising beyond the control of management. Such changes are reflected in the assumptions as they occur.

## 5. Cash and Cash Equivalents

Cash and cash equivalents consist of current balances in banks and demand deposits with the Government of Alberta, as well as funds under administration.

Demand deposits with the Government of Alberta are held in the Consolidated Liquidity Solution (CLS). Effective July 4, 2022, the CLS replaced the Consolidated Cash Investment Trust Fund (CCITF) as the Province's cash pooling structure, designed to enhance the effectiveness and efficiency of cash management. AGLC, as a CLS participant, is paid interest on monthly-basis on deposits at an interest rate based on a 12-week rolling average of the Province's 3-month cost of borrowing.

A total of \$19,651 (2023 - \$19,278) in funds under administration is comprised of proceeds from table games that AGLC holds on behalf of charities. AGLC manages the collection of these funds, as well as investment and distribution of the charities' share of proceeds/losses from table games at licensed charitable casino events.

The share of proceeds/losses from these table games allocated to charities is established in policy and by agreement between the participating charity and the relevant casino operator. These allocations are collected by AGLC and pooled by casino or region; these funds earn interest and are subject to administrative fees. At the end of the pooling period (quarterly), the net proceeds in each pool are distributed equally to each charity that held a licensed charitable casino event in the casino/region during the pooling period.

## 6. Inventories and Prepaid Expenses

	2024	2023
Gaming parts and supplies	\$ 12,249	\$ 11,861
Cannabis inventories	73,034	76,292
Total inventories	<u>85,283</u>	<u>88,153</u>
Prepaid expenses	5,924	4,687
	<u>\$ 91,207</u>	<u>\$ 92,840</u>



**7. Property and Equipment**

	<b>2024</b>					
	<b>Land</b>	<b>Buildings and Leasehold Improvements</b>	<b>Equipment</b>	<b>Computer Hardware</b>	<b>Gaming Terminals</b>	<b>Total</b>
Cost, beginning of year	\$ 2,057	\$ 43,833	\$ 16,089	\$ 33,501	\$ 581,443	\$ 676,923
Classification adjustments	-	(27)	7,944	7,438	(15,355)	-
Additions	-	1,681	1,150	7,200	108,915	118,946
Changes in decommissioning liability(a)	-	378	-	-	-	378
Disposals	-	(505)	(2,325)	(1,874)	(96,302)	(101,006)
Cost, end of year	<u>2,057</u>	<u>45,360</u>	<u>22,858</u>	<u>46,265</u>	<u>578,701</u>	<u>695,241</u>
Accumulated amortization, beginning of year	-	(30,089)	(11,985)	(27,444)	(315,791)	(385,309)
Additions	-	(2,014)	(6,325)	(9,427)	(45,281)	(63,047)
Disposals	-	485	2,323	1,874	94,808	99,490
Accumulated amortization, end of year	<u>-</u>	<u>(31,618)</u>	<u>(15,987)</u>	<u>(34,997)</u>	<u>(266,264)</u>	<u>(348,866)</u>
Net book value, end of year	<u>\$ 2,057</u>	<u>\$ 13,742</u>	<u>\$ 6,871</u>	<u>\$ 11,268</u>	<u>\$ 312,437</u>	<u>\$ 346,375</u>
	<b>2023</b>					
Cost, beginning of year	\$ 2,057	\$ 43,545	\$ 15,542	\$ 30,910	\$ 553,679	\$ 645,733
Additions	-	291	1,332	3,165	101,965	106,753
Disposals	-	(3)	(785)	(574)	(74,201)	(75,563)
Cost, end of year	<u>2,057</u>	<u>43,833</u>	<u>16,089</u>	<u>33,501</u>	<u>581,443</u>	<u>676,923</u>
Accumulated amortization, beginning of year	-	(27,786)	(11,152)	(25,657)	(339,499)	(404,094)
Additions	-	(2,305)	(1,618)	(2,361)	(49,038)	(55,322)
Disposals	-	2	785	574	72,746	74,107
Accumulated amortization, end of year	<u>-</u>	<u>(30,089)</u>	<u>(11,985)</u>	<u>(27,444)</u>	<u>(315,791)</u>	<u>(385,309)</u>
Net book value, end of year	<u>\$ 2,057</u>	<u>\$ 13,744</u>	<u>\$ 4,104</u>	<u>\$ 6,057</u>	<u>\$ 265,652</u>	<u>\$ 291,614</u>

(a) Decommissioning liability relates to the estimated costs required to decommission the building.

Total cost includes \$38,943 (2023 - \$41,251) of assets classified as work in progress (under construction or development).

**8. Intangible Assets**

	2024	2023
Cost, beginning of year	\$ 129,632	\$ 117,483
Additions	4,255	12,149
Disposals	(11,367)	-
Cost, end of year	<u>122,520</u>	<u>129,632</u>
Accumulated amortization, beginning of year	(66,322)	(56,777)
Additions	(10,680)	(9,545)
Disposals	11,361	-
Accumulated amortization, end of year	<u>(65,641)</u>	<u>(66,322)</u>
Net book value, end of year	<u>\$ 56,879</u>	<u>\$ 63,310</u>

Total cost includes \$nil (2023 - \$13,105) of assets classified as work in progress (under development).

**9. Investment Properties**

	2024		
	Land	Buildings	Total
Cost, beginning of year	\$ 22,746	\$ 152,756	\$ 175,502
Additions	-	3,928	3,928
Changes in decommissioning liability (a)	-	1,202	1,202
Disposals	-	(60)	(60)
Cost, end of year	<u>22,746</u>	<u>157,826</u>	<u>180,572</u>
Accumulated amortization, beginning of year	-	(42,689)	(42,689)
Additions	-	(4,584)	(4,584)
Disposals	-	56	56
Accumulated amortization, end of year	-	<u>(47,217)</u>	<u>(47,217)</u>
Net book value, end of year	<u>\$ 22,746</u>	<u>\$ 110,609</u>	<u>\$ 133,355</u>

	2023		
Cost, beginning of year	\$ 22,746	\$ 152,490	\$ 175,236
Additions	-	269	269
Disposals	-	(3)	(3)
Cost, end of year	<u>22,746</u>	<u>152,756</u>	<u>175,502</u>
Accumulated amortization, beginning of year	-	(37,764)	(37,764)
Additions	-	(4,928)	(4,928)
Disposals	-	3	3
Accumulated amortization, end of year	-	<u>(42,689)</u>	<u>(42,689)</u>
Net book value, end of year	<u>\$ 22,746</u>	<u>\$ 110,067</u>	<u>\$ 132,813</u>

(a) Decommissioning liability relates to the estimated costs required to decommission the building.

Total cost includes \$3,612 (2023 - \$1,026) of assets classified as work in progress (under construction).

## Net loss from investment properties:

	2024	2023
Rental income derived from investment properties	\$ 3,810	\$ 3,810
Direct operating expenses (including repair and maintenance)	(5,200)	(4,633)
Net loss arising from investment properties	<u>\$ (1,390)</u>	<u>\$ (823)</u>

Currently monthly rental income for investment properties is \$318 (2023 - \$318).

Investment properties are recorded and reported at cost. On March 31, 2024, the estimated fair value of investment properties is \$200,335 (2023 - \$206,885). The fair value is based on a valuation performed by Bourgeois Brooke Chin Associates, an accredited independent valuator. Bourgeois Brooke Chin Associates has appropriate qualifications and recent experience in the valuation of similar properties. The fair value valuation was performed on the liquor distribution and storage facilities at 2 Boudreau Road and warehouse at 50 Corriveau Avenue using income, cost, and direct comparison approaches.

**10. Leases**

The carrying amounts of right-of-use assets during the period:

	2024	2023
Right-of-use assets, beginning of year	\$ 1,614	\$ 5,063
Additions	9,310	713
Adjustments	-	(1,293)
Amortization	(2,362)	(2,869)
Right-of-use assets, end of year	<u>\$ 8,562</u>	<u>\$ 1,614</u>

The carrying amounts of lease liabilities during the period:

	2024	2023
Lease liabilities, beginning of year	\$ 9,067	\$ 16,448
Additions	9,310	713
Adjustments	-	(1,293)
Lease payments	(6,307)	(6,958)
Interest expense	279	157
Principal component of lease payments	<u>(6,028)</u>	<u>(6,801)</u>
Lease liabilities, end of year	<u>\$ 12,349</u>	<u>\$ 9,067</u>
Current liabilities	\$ 5,191	\$ 5,120
Non-current liabilities	\$ 7,158	\$ 3,947

Undiscounted lease payments related to lease liabilities that are expected to be made over the next five fiscal years and thereafter are as follows:

2025	\$	5,191
2026		1,913
2027		2,035
2028		2,200
2029		912
Thereafter		98
	<b>\$</b>	<b>12,349</b>

The carrying amounts of lease receivables during the period:

	<b>2024</b>	<b>2023</b>
Lease receivables, beginning of year	\$ 7,464	\$ 11,262
Rental payments received	(3,975)	(3,922)
Interest income	74	124
Principal component of lease receivables	(3,901)	(3,798)
Lease receivables, end of year	<b>\$ 3,563</b>	<b>\$ 7,464</b>
Current assets	\$ 3,332	\$ 3,901
Non-current assets	\$ 231	\$ 3,563

Undiscounted lease payments related to lease receivables that are expected to be received over the next five fiscal years and thereafter are as follows:

2025	\$	3,332
2026		32
2027		33
2028		34
2029		34
Thereafter		98
	<b>\$</b>	<b>3,563</b>

The following amounts were recognized in the Statement of Net Income:

	<b>2024</b>	<b>2023</b>
Right-of-use assets: amortization	\$ (2,362)	\$ (2,869)
Interest expense	(279)	(157)
Interest income	74	124
Operating expenses: short-term leases	(27,278)	(27,246)
Component of net income	<b>\$ (29,845)</b>	<b>\$ (30,148)</b>

In 2024, AGLC had total cash outflows for all leases of \$33,585 (2023 - \$34,204), non-cash additions to right-of-use assets of \$9,310 (2023 - \$713) and non-cash additions to lease liabilities of \$9,310 (2023 - \$713).

### 11. Due to General Revenue Fund

The Act requires AGLC to transfer the net income, less allowance withheld for capital expenditures of \$25,000 (2023- \$30,000), as approved by the Minister of Service Alberta and Red Tape Reduction, to the General Revenue Fund. The amount below represents the portion of net income which has not been transferred to the General Revenue Fund.

	2024	2023
Due to General Revenue Fund, beginning of year	\$ 331,974	\$ 344,219
Net income allocation to General Revenue Fund	2,345,199	2,366,698
Transfers to General Revenue Fund	(2,358,410)	(2,378,943)
Due to General Revenue Fund, end of year	<u>\$ 318,763</u>	<u>\$ 331,974</u>

Amounts due to General Revenue Fund are unsecured, non-interest bearing and have no specific terms of repayment. AGLC does not expect to pay the total amount owing to General Revenue Fund during the next fiscal year.

### 12. Defined Benefit Pension Plan

Change in net defined benefit pension asset (liability)

	2024			
	PSPP	MEPP	SRP	Total
<b>Change in Fair Value of Plan Assets</b>				
Fair value of plan assets, beginning of year	\$ 223,306	\$ 74,868	\$ 1,295	\$ 299,469
Employer contributions	6,554	2,164	95	8,813
Benefits paid	(9,362)	(3,950)	(100)	(13,412)
Interest income	10,429	3,477	62	13,968
Actuarial gain on plan assets	3,275	13,357	812	17,444
Fair value of plan assets, end of year	<u>\$ 234,202</u>	<u>\$ 89,916</u>	<u>\$ 2,164</u>	<u>\$ 326,282</u>
<b>Change in Defined Benefit Obligation</b>				
Defined benefit obligation, beginning of year	\$ 204,084	\$ 74,373	\$ 1,432	\$ 279,889
Current service cost	6,529	2,701	73	9,303
Benefits paid	(9,362)	(3,950)	(100)	(13,412)
Interest expense	9,525	3,466	68	13,059
Actuarial (gain) loss on defined benefit obligation	(4,537)	10,020	842	6,325
Defined benefit obligation, end of year	<u>206,239</u>	<u>86,610</u>	<u>2,315</u>	<u>295,164</u>
Net defined benefit pension asset (liability) (a)	<u>\$ 27,963</u>	<u>\$ 3,306</u>	<u>\$ (151)</u>	<u>\$ 31,118</u>

(a) The effect of asset limitation and IAS minimum funding requirements is nil.

	2023			
	PSPP	MEPP	SRP	Total
<b>Change in Fair Value of Plan Assets</b>				
Fair value of plan assets, beginning of year	\$ 223,072	\$ 76,652	\$ 1,287	\$ 301,011
Employer contributions	7,118	2,057	52	9,227
Benefits paid	(8,916)	(3,555)	(62)	(12,533)
Interest income	8,887	3,036	51	11,974
Actuarial loss on plan assets	(6,855)	(3,322)	(33)	(10,210)
Fair value of plan assets, end of year	\$ 223,306	\$ 74,868	\$ 1,295	\$ 299,469
<b>Change in Defined Benefit Obligation</b>				
Defined benefit obligation, beginning of year	\$ 225,737	\$ 80,887	\$ 1,551	\$ 308,175
Current service cost	6,957	2,719	48	9,724
Benefits paid	(8,916)	(3,555)	(62)	(12,533)
Interest expense	8,990	3,219	62	12,271
Actuarial gain on defined benefit obligation	(28,684)	(8,897)	(167)	(37,748)
Defined benefit obligation, end of year	204,084	74,373	1,432	279,889
Net defined benefit pension asset (liability) (a)	\$ 19,222	\$ 495	\$ (137)	\$ 19,580

(a) The effect of asset limitation and IAS minimum funding requirements is nil.

Employer's portion of the net defined benefit pension asset (liability) is included in the Statement of Financial Position. The portions attributable to AGLC are 50% for PSPP, 50% for MEPP and 73% for SRP.

#### Accumulated Other Comprehensive Income

	2024			
	PSPP	MEPP	SRP	Total
Actuarial gain on plan assets	\$ (3,275)	\$ (13,357)	\$ (812)	\$ (17,444)
Actuarial (gain) loss on defined benefit obligation	(4,537)	10,020	842	6,325
Net actuarial (gain) loss	(7,812)	(3,337)	30	(11,119)
Accumulated other comprehensive income, beginning of year	(49,023)	(15,307)	(288)	(64,618)
Accumulated other comprehensive income, end of year	\$ (56,835)	\$ (18,644)	\$ (258)	\$ (75,737)

	2023			
	PSPP	MEPP	SRP	Total
Actuarial loss on plan assets	\$ 6,855	\$ 3,322	\$ 33	\$ 10,210
Actuarial gain on defined benefit obligation	(28,684)	(8,897)	(167)	(37,748)
Net actuarial gain	(21,829)	(5,575)	(134)	(27,538)
Accumulated other comprehensive income, beginning of year	(27,194)	(9,732)	(154)	(37,080)
Accumulated other comprehensive income, end of year	\$ (49,023)	\$ (15,307)	\$ (288)	\$ (64,618)

**Pension Expense**

	2024			
	PSPP	MEPP	SRP	Total
Current service cost	\$ 6,529	\$ 2,701	\$ 73	\$ 9,303
Interest expense	9,525	3,466	68	13,059
Interest income	(10,429)	(3,477)	(62)	(13,968)
Pension expense	\$ 5,625	\$ 2,690	\$ 79	\$ 8,394

	2023			
	PSPP	MEPP	SRP	Total
Current service cost	\$ 6,957	\$ 2,719	\$ 48	\$ 9,724
Interest expense	8,990	3,219	62	12,271
Interest income	(8,887)	(3,036)	(51)	(11,974)
Pension expense	\$ 7,060	\$ 2,902	\$ 59	\$ 10,021

**Key Assumptions, Sensitivities and Risks**

The principal assumptions used in the actuarial determinations of projected benefit obligations and the related net benefit expense are as follows:

	2024			2023		
	PSPP	MEPP	SRP	PSPP	MEPP	SRP
Discount rate	4.8%	4.8%	4.9%	4.7%	4.7%	4.8%
Inflation rate	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Average wage increases	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
AGLC's share of plan payroll	2.5%	2.7%	1.3%	2.6%	2.4%	0.8%
Date of the most recent actuarial valuation	Dec. 31, 2021	Dec. 31, 2021	Dec. 31, 2021	Dec. 31, 2021	Dec. 31, 2021	Dec. 31, 2021
AGLC's expected contributions for the next period-all plans	\$ 9,452			\$ 8,941		

Additional assumptions are described in the valuation reports for each of the respective plans.

	2024			2023		
	PSPP	MEPP	SRP	PSPP	MEPP	SRP
Estimated sensitivity of liabilities to a 1% change in the discount rate	13.2%	13.3%	15.0%	13.0%	13.7%	15.1%
Estimated sensitivity of liabilities to a 1% change in the inflation rate	6.6%	6.6%	7.6%	6.4%	6.8%	7.7%

**Economic Risk**

Defined benefit plans are directly exposed to economic risks from plan assets invested in capital markets and indirectly with respect to measurement risk from assumptions based on economic factors, such as discount rates affected by volatile bond markets.

**Demographic Risk**

Demographic factors affect current and future benefit costs with respect to the amount and time horizon of expected payments due to factors such as workforce average age and earnings levels, attrition and retirement rates, mortality, and morbidity rates.



Multi-Employer Plan Funding Risk

In addition to economic and demographic risk factors, AGLC is exposed to funding risk in the multi-employer plans arising from:

- Legislative changes affecting eligibility for, and amount of, pension and related benefits; and
- Performance of plan assets affected by investment policies set by the responsible parties.

Because these plans are governed by legislation rather than contract, there is little flexibility for participants with respect to withdrawal from the plan, plan wind-up or amendments, and mandatory funding requirements.

**13. Detailed Operating Results**

Management monitors the operating results of the lines of business to make decisions about resource allocation and performance assessment.

	2024			
	Gaming (a)	Liquor	Cannabis	Total
Net revenue	\$ 1,504,416	\$ 823,205	\$ 63,937	\$ 2,391,558
Operating expenses	(264,414)	(45,705)	(58,401)	(368,520)
Profit from operations	1,240,002	777,500	5,536	2,023,038
Other revenue	5,961	13,094	5,288	24,343
Share of income from WCLC	322,818	-	-	322,818
Net income	\$ 1,568,781	\$ 790,594	\$ 10,824	\$ 2,370,199

	2023			
	Gaming (a)	Liquor	Cannabis	Total
Net revenue	\$ 1,431,280	\$ 850,412	\$ 60,425	\$ 2,342,117
Operating expenses	(234,996)	(37,838)	(49,311)	(322,145)
Profit from operations	1,196,284	812,574	11,114	2,019,972
Other revenue	4,409	12,530	6,918	23,857
Share of income from WCLC	352,869	-	-	352,869
Net income	\$ 1,553,562	\$ 825,104	\$ 18,032	\$ 2,396,698

(a) includes slot terminals, video lottery terminals and online gambling.

Gaming net revenue is comprised of the following:

	2024	2023
Net sales	\$ 2,078,231	\$ 1,924,636
Commissions		
Operators/retailers	(350,396)	(298,616)
Charities	(181,065)	(166,911)
Federal tax expense (b)	(17,520)	(14,931)
Promotional bonuses (c)	(24,834)	(12,898)
Net revenue	\$ 1,504,416	\$ 1,431,280

(b) as prescribed by the Games of Chance (GST/HST) Regulations of the *Excise Tax Act* taxes are paid to the Government of Canada in lieu of the Goods and Services Tax (GST) based on a formula set out in the *Excise Tax Act*. This tax is in addition to the GST paid on the purchase of goods and services for which a credit is not allowed under the aforementioned formula.

(c) includes online gambling deposit bonuses and free game plays.



**14. Operating Expenses**

	<b>2024</b>	<b>2023</b>
Salaries and benefits	\$ 114,065	\$ 108,009
Supplies and services		
Hardware, software and cloud services	38,458	26,857
Professional services and management fees	36,608	28,040
Marketing and communications	32,564	25,375
Goods and Services Tax	11,831	10,089
Equipment and vehicles	7,025	7,038
Property	5,789	5,084
Network and data management	4,019	4,023
Insurance, security and bank services	3,894	3,715
Miscellaneous	3,720	1,153
Travel, training and conferences	1,781	1,433
Shipping and supplies	1,724	1,122
	<u>147,413</u>	<u>113,929</u>
Amortization	80,673	72,664
Leased gaming equipment	27,278	27,246
Net interest in net defined benefit pension plan	(909)	297
	<u>\$ 368,520</u>	<u>\$ 322,145</u>

**15. Other Revenue**

	<b>2024</b>	<b>2023</b>
Licences, fees and fines	\$ 12,415	\$ 14,062
Interest	5,444	3,974
Premises rentals	3,810	3,810
Miscellaneous	1,789	1,177
Liquor levies	1,257	1,330
Chargebacks and recoveries	595	697
Loss on disposal of non-current assets	(967)	(1,193)
	<u>\$ 24,343</u>	<u>\$ 23,857</u>

**16. Investment in Western Canada Lottery Corporation**

AGLC's interest in WCLC is based on Alberta's proportionate share of WCLC's revenues and expenses derived from the sale and operation of interprovincial lottery games.

The following tables present summarized financial information of AGLC's investment in WCLC.

	2024	2023
<b>WCLC Statement of Financial Position</b>		
Current assets	\$ 92,622	\$ 91,022
Property and equipment	33,126	37,020
Intangible assets	11,615	10,202
Employee benefits	7,842	7,591
	<u>\$ 145,205</u>	<u>\$ 145,835</u>
Current liabilities	\$ 127,183	\$ 128,249
Lease liability	1,234	2,793
Equity	16,788	14,793
	<u>\$ 145,205</u>	<u>\$ 145,835</u>
<b>Alberta's Proportionate Share of Revenues and Expenses</b>		
Net Lottery sales (a)	\$ 960,205	\$ 1,007,817
Direct expenses (a)	(586,654)	(604,926)
Gross income	<u>373,551</u>	<u>402,891</u>
Operating expenses	(41,689)	(38,193)
Interest and other income	7,290	4,389
Net income from operations	<u>339,152</u>	<u>369,087</u>
Federal tax expense (a)	(5,406)	(5,667)
Payment to federal government (b)	(10,928)	(10,551)
Share of income from WCLC	<u>\$ 322,818</u>	<u>\$ 352,869</u>

- (a) Ticket lottery revenues are recognized as of the date of the draw, with exception of ZING game revenues which are recognized at the date activated for sale by the retailer. Prizes, commissions, and federal tax expenses related to ticket revenues are recognized on the same basis as related revenues.
- (b) Payment made to the federal government resulting from an agreement between the provincial governments and the federal government on the withdrawal of the federal government from the lottery field. The payment made by WCLC on behalf of Alberta is based on current population statistics.

**Statement of Change in Investment in WCLC**

	2024	2023
Investment in WCLC, beginning of year	\$ 38,833	\$ 35,024
Share of income from WCLC	322,818	352,869
Advances received from WCLC	(323,489)	(349,060)
Investment in WCLC, end of year	<u>\$ 38,162</u>	<u>\$ 38,833</u>

**17. Contractual Obligations**

AGLC has various obligations under long-term contracts, including service contracts and operating leases. Undiscounted payments related to finance leases are disclosed in Note 10. The expected payments for these obligations for each of the next five fiscal years and thereafter are as follows:

2025	\$	44,291
2026		27,365
2027		19,313
2028		12,176
2029		10,674
Thereafter		26,270
	\$	<u>140,089</u>

**18. Contingent Liabilities**

AGLC has been named as a defendant in several legal actions and claims. While the outcome of these claims cannot be determined, management is of the opinion that the ultimate outcome is not expected to have material adverse effect in the financial position or operations of AGLC.

**19. Salaries and Benefits**

The following table discloses the amounts earned by the Board and Executive Members.

	Note	2024			2023	
		Base Salary (a)	Other Cash Benefits (b)	Other Non-Cash Benefits (c)	Total	Total
Chair of the Board		\$ 139	\$ -	\$ 4	\$ 143	\$ 155
Members of the Board	d	382	-	30	412	482
Chief Executive Officer		289	6	79	374	385
Executive Members						
Executive VP, Public Engagement & Chief Regulatory Officer		247	-	63	310	297
VP, Corporate Services & Chief Financial Officer		238	-	65	303	198
Executive VP, Business Development		225	4	55	284	186
VP, Regulatory Services		203	6	46	255	247
VP, Information Technology & Chief Information Officer		205	-	46	251	246
VP, Policy & Public Affairs		202	2	47	251	224
VP, Human Resources		203	1	44	248	234
VP, Liquor & Cannabis	e	197	3	45	245	14
VP, Gaming		199	4	41	244	225
VP, Liquor Services	f	-	-	-	-	399
VP, Gaming & Cannabis	g	-	-	-	-	5

- a) Consists of regular base pay. For Chair and members of the Board, it consists of remuneration paid, based on rates prescribed in the *Agencies, Boards and Commissions Compensation Regulation*, for time spent on the business of the Board.
- b) Consists of vacation payouts, personal spending and automobile benefits.
- c) Include AGLC's share of employee benefits and contributions/payments made on behalf of employees including pension, supplementary retirement plans, Workers Compensation Benefit, employment insurance, health care, dental coverage, group life insurance, short and long-term disability plans, professional memberships and tuition fees.
- d) At any given time, the Board consisted of no more than 8 members plus the Chair, whose remuneration is disclosed separately.
- e) Position created on March 13, 2023.
- f) Position eliminated on April 12, 2022. Total for 2023 includes \$337 of severance benefits paid.
- g) Position eliminated on April 12, 2022.

## 20. Financial Instruments and Risk Management

AGLC's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables and payables to the General Revenue Fund. The carrying values of AGLC's financial instruments approximate their fair values, unless otherwise noted.

AGLC is exposed to credit and liquidity risks from financial assets and liabilities. AGLC actively manages the exposure to these risks.

Credit risk represents the loss that would be recognized if parties holding financial assets of AGLC fail to honor their obligations or pay amounts due causing a financial loss. Credit risk is minimized as AGLC does not have significant exposure to any individual retail entity.

Liquidity risk is the risk that AGLC would encounter difficulties in meeting its financial obligations as they become due. The risk is reduced as the majority of AGLC's operational activities involve cash sales and short-term accounts receivables. AGLC relies on the funds generated from its operations to meet operating requirements and to finance capital investments. The risk is further mitigated by forecasting and assessing actual cash flow requirements on an ongoing basis.

## 21. Related Party Transactions

Effective July 11, 2023, AGLC transitioned from reporting to the President of Treasury Board and Minister of Finance to the Minister of Service Alberta and Red Tape Reduction. AGLC is related to other government agencies, ministries, and Crown corporations under the common control of Government of Alberta. All transactions with these related parties are in the normal course of operations and are measured at terms equivalent to those that prevail in arm's length transactions.

WCLC, an associated entity as disclosed in Note 3f, is also a related party to AGLC. Details of transactions with WCLC are disclosed in Note 16. In addition to these transactions, AGLC received \$725 (2023 - \$741) in retailer service fees from WCLC.

Members of AGLC Board and Executive Members are related parties to AGLC; their compensation is disclosed in Note 19.

**22. Approved Budget**

AGLC includes its annual budget in its business plan. On recommendation from the Board, the budget received approval from the President of Treasury Board and Minister of Finance and became part of the fiscal plan of the Government of Alberta.

	<b>2024</b>
Cannabis revenue	\$ 653,288
Cannabis cost of sales	(592,890)
Cannabis net revenue	<u>60,398</u>
Gaming net sales	2,082,521
Commissions and federal payments	(590,634)
Gaming net revenue	<u>1,491,887</u>
Liquor net revenue	<u>863,243</u>
<b>Net revenue</b>	<u>2,415,528</u>
Operating expenses	(406,534)
<b>Profit from operations</b>	<u>2,008,994</u>
Other revenue	20,235
Share of income from Western Canada Lottery Corporation	319,532
<b>Net income</b>	<u>\$ 2,348,761</u>

**23. Comparative Figures**

Certain comparative figures have been reclassified to conform to the current presentation.

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## Financial Information

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**Statement of Credit or Recovery (unaudited)**  
**Department of Service Alberta and Red Tape Reduction**  
**Year Ended March 31, 2024**  
*In thousands*

The following has been prepared pursuant to Section 24(3) of the *Financial Administration Act*.

	<u>Authorized</u>	<u>Actual Revenue</u>	<u>(Shortfall)<sup>(8)</sup>/ Excess</u>
Horse Racing and Breeding Renewal Program <sup>(1)</sup>	\$ 45,750	\$ 46,691	\$ 941
Airport Entertainment Centres <sup>(2)</sup>	70	49	(21)
Shared Services <sup>(3)</sup>	18,250	\$ 17,334	(916)
Residential Tenancy Dispute Resolution <sup>(4)</sup>	777	1,038	261
Specialty License Plates <sup>(5)</sup>	500	524	24
Registry Data Information <sup>(6)</sup>	50	16	(34)
	<u>\$ 65,397</u>	<u>\$ 65,652</u>	<u>\$ 255</u>
<b>Financial Transactions Funded by Credit or Recovery</b>			
Shared Services <sup>(7)</sup>	\$ 4,200	\$ 2,936	\$ (1,264)
	<u>\$ 4,200</u>	<u>\$ 2,936</u>	<u>\$ (1,264)</u>

-1 Horse Racing Alberta (HRA), a fixed percentage of slot revenue generated at Racing Entertainment Centres is granted to HRA to support operating and capital cost of race track facilities, breed improvement initiatives and purse enhancements.

-2 Airport Authorities, a fixed percentage of video lottery terminal revenues generated at Airport Entertainment Centres is granted to the participating Airport Authorities.

-3 The Ministry receives revenue to recover the cost of providing standardized shared services.

-4 The Residential Tenancy Dispute Resolution service offers landlords and tenants an alternative means of resolving disputes outside of court. The service is designed to be faster, less formal and less expensive than the courts.

-5 Fee collected for specialty licence plates that allows Albertans to show their support for charitable organizations.

-6 The provision of special reports and bulk data transfer of registry data information is recovered through third party agreements.

-7 The Ministry receives revenue to replenish inventory for mail services.

-8 Shortfall is deducted from current year's authorized spending.



**Lapse/Encumbrance (unaudited)**  
**Department of Service Alberta and Red Tape Reduction**  
**Year Ended March 31, 2024**  
***In thousands***

Expense Vote By Program	Voted	Supplementary	Adjusted		Voted	Over
	Estimate (1)	Estimate	Adjustments (2)	Estimate	Actuals (3)	Expended (Unexpended)
<i>In thousands</i>						
Operating Expense						
Program 1 - Ministry Support Services						
1.1 Minister's Office	\$ 795	\$ -	\$ -	\$ 795	\$ 677	\$ (118)
1.2 Deputy Minister's Office	820	-	-	820	762	(58)
1.3 Corporate Services	3,279	-	-	3,279	3,387	108
	<u>4,894</u>	<u>-</u>	<u>-</u>	<u>4,894</u>	<u>4,826</u>	<u>(68)</u>
Program 2 - Consumer and Registry Services						
2.1 Consumer Awareness and Advocacy	6,660	-	-	6,660	10,287	3,627
2.2 Land Titles	20,571	-	-	20,571	18,344	(2,227)
2.3 Motor vehicles	15,603	-	2,812	18,415	21,465	3,050
2.4 Other Registry services	7,583	-	-	7,583	5,967	(1,616)
2.5 Registries Modernization	7,327	-	-	7,327	1,374	(5,953)
	<u>57,744</u>	<u>-</u>	<u>2,812</u>	<u>60,556</u>	<u>57,438</u>	<u>(3,118)</u>
Program 3 - Red Tape Reduction, Audit and Investigations, and Gaming						
3.1 Red Tape Reduction	1,710	-	-	1,710	1,183	(527)
3.2 Audit and Investigations	7,954	-	-	7,954	8,016	62
3.3 Gaming Research and Policy	2,107	-	-	2,107	2,152	45
3.4 Horse Racing and Breeding Renewal Program	43,750	-	2,000	45,750	46,691	941
3.5 Airport Entertainment Centres	1,000	-	(930)	70	49	(21)
	<u>56,521</u>	<u>-</u>	<u>1,070</u>	<u>57,591</u>	<u>58,090</u>	<u>499</u>
Program 4 - Financial and Administrative Services						
4.1 Procurement services	12,724	-	-	12,724	12,702	(22)
4.2 Financial and Employee Services	14,673	-	-	14,673	15,875	1,202
4.3 Central Logistics	31,370	-	-	31,370	29,083	(2,287)
4.4 FOIP Operations and King's Printer	12,608	-	-	12,608	9,841	(2,767)
	<u>71,375</u>	<u>-</u>	<u>-</u>	<u>71,375</u>	<u>67,502</u>	<u>(3,873)</u>
Total	<u>190,534</u>	<u>-</u>	<u>3,882</u>	<u>194,416</u>	<u>187,856</u>	<u>(6,560)</u>
Credit or Recovery Shortfall	-	-	-	-	-	-
	<u>\$ 190,534</u>	<u>\$ -</u>	<u>\$ 3,882</u>	<u>\$ 194,416</u>	<u>\$ 187,856</u>	<u>\$ (6,560)</u>
<b>(Lapse)/Encumbrance</b>						<u>\$ (6,560)</u>
<b>Capital Investment Vote By Program</b>						
Department Capital Acquisitions						
Program 2 - Consumer and Registry Services						
2.5 Registries Modernization	28,689	-	-	28,689	19,553	(9,136)
Program 3 - Red Tape Reduction						
3.2 Audit and Investigations					42	42
Program 4 - Financial and Administrative Shared Services						
4.3 Central Logistics	16,831	-	(1,906)	14,925	14,109	(816)
Total	<u>45,520</u>	<u>-</u>	<u>(1,906)</u>	<u>43,614</u>	<u>33,704</u>	<u>(9,910)</u>
Credit or Recovery Shortfall	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>(Lapse)/Encumbrance</b>						<u>\$ -</u>
<b>Financial Transactions Vote By Program</b>						
Program 4 - Financial and Administrative Shared Services						
4.2 Financial and Employee Services	400	-	-	\$ 400	\$ -	(400)
4.3 Central Logistics	5,100	-	-	5,100	3,185	(1,915)
4.4 FOIP Operations and King's Printer		-	-	-	429	429
Total	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>5,500</u>	<u>3,614</u>	<u>(1,886)</u>
Credit or Recovery Shortfall	-	-	(1,264)	(1,264)	-	1,264
	<u>\$ 5,500</u>	<u>\$ -</u>	<u>\$ (1,264)</u>	<u>\$ 4,236</u>	<u>\$ 3,614</u>	<u>\$ (621)</u>
<b>(Lapse)/Encumbrance</b>						<u>\$ (621)</u>
<b>Contingency Vote By Program</b>						
Program 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>(Lapse)/Encumbrance</b>						<u>\$ -</u>

## Lapse/Encumbrance (unaudited)...Continued

- (1) As per “Expense Vote by Program,” “Capital Investment Vote by Program” and “Financial Transaction Vote by Program” page 195 of the 2023-24 Government Estimates. Programs 3.3, 3.4, and 3.5 reflect adjustments from Government Re-organization page 3 of the 2023-24 Supplementary Supply Estimates.
- (2) Adjustments include encumbrances, capital carry over amounts, transfers between votes, credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. An encumbrance is incurred when, on a vote by vote basis, the total of actual disbursements in the prior year exceed the total adjusted estimate. All calculated encumbrances from the prior year are reflected as an adjustment to reduce the corresponding voted estimate in the current year.

Adjustments also include supply vote transfers for "Contingency" as approved by the Lieutenant Governor in Council under the direction of the President of Treasury Board and Minister of Finance. The Contingency supply vote consists of a provisional funding authority transferable to any ministry. Upon approval by the Lieutenant Governor in Council, the President of Treasury Board and Minister of Finance may either spend or transfer all or a portion of this supply vote to another minister for public emergencies, disasters or unanticipated costs.

- (3) Actuals exclude non-voted amounts as no cash disbursement is required (non-cash amounts), or because the Legislative Assembly has already provided the funding authority pursuant to a statute other than an appropriation act. Non-cash amounts (such as amortization, valuation adjustments, and other provisions are excluded as these amounts do not require any expenditure or payment of public money. Year-end expense accruals & payables which will immediately require a cash outlay (payment of public money) to settle or otherwise extinguish the liabilities are included in Actuals.

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**Payments Based on Agreements (unaudited)****Department of Service Alberta and Red Tape Reduction****Year Ended March 31, 2024*****In thousands***

The Ministry has entered into agreements with Service Canada, Statistics Canada and the Canada Revenue Agency for the sharing of vital event data between federal and provincial organizations. The Ministry has also entered into agreements with Employment and Social Development Canada, Service Canada and the Canada Revenue Agency for printing and collating costs of vital event information.

Costs based on these agreements are incurred by the Ministry under the authority in Section 25 of the *Financial Administration Act*. Accounts payable includes \$90 (2023: \$42) relating to payments based on agreements. Amounts paid based on these agreements total \$170 (2023: \$569).

***Public Interest Disclosure (Whistleblower Protection) Act***  
**Year Ended March 31, 2023**

Section 32 of the *Public Interest Disclosure (Whistleblower Protection) Act* reads:

- 32(1) Every chief officer must prepare a report annually on all disclosures that have been made to the designated officer of the department, public entity or office of the Legislature for which the chief officer is responsible.
  - (2) The report under subsection (1) must include the following information:
    - (a) the number of disclosures received by the designated officer, the number of disclosures acted on and the number of disclosures not acted on by the designated officer;
    - (b) the number of investigations commenced by the designated officer as a result of disclosures;
    - (c) in the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations made or corrective measures taken in relation to the wrongdoing or the reasons why no corrective measure was taken.
  - (3) The report under subsection (1) must be included in the annual report of the department, public entity or office of the Legislature if the annual report is made publicly available.

There were two disclosures of wrongdoing filed with the Public Disclosure Office for Service Alberta and Red Tape Reduction between April 1, 2023 and March 31, 2024. After reviewing both disclosures, the Public Disclosure Office determined an investigation was not warranted on either disclosure and the files were closed.